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Tuesday October 22 1985

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World news

Craxi in talks on re-forming AEG coalition

Sig Bettino Craxi, caretaker Italian
Prime Minister, held his first talks
with party leaders in his attempt to form a new government at the request of President Francesco Cossi-

The former government fell last Thursday because the Republican Party objected to its handling of the Achille Lauro hijack affair, and pulled out of the five-party coali-

Sig Craxi was expected to try to recreate the same grouping of Christian Democrats, Socialists, Republicans, Social Democrats and Liberals. Page 28

Peres peace offer

Israeli Prime Minister Shimon Peres, in a speech to the UN, of-fered to end the state of war between his country and Jordan, which has lasted for nearly 40 years, and called for peace talks before the end of the year.

Arafat warning

Yassir Arafat, chairman of the Palestine Liberation Organisation, pre-dicted an outbreak of killing in Pal-estinian refugee camps in Beirut and Tripoli, and accused Ahmed Jibril, a leader of the Popular Front for the Liberation of Palestine, of

U.S.-Egypt moves

The U.S. and Egypt appeared to be acting to repair any damage to their relations caused by the U.S. forcing lion market to \$325.75 and \$0.40 in down the Egyptian aircraft carrying the hijackers of the liner Achille Lauro. Page 28

Bank pulls out

The state-owned Moscow Narodny Bank said it would suspend opera-tions in Lebanon indefinitely as a result of the kidnapping of four Soviet embassy officials, one of whom was later killed, on September 30.

China tests cruise

East European diplomats said China had successfully launched a cruise missile from land, the first such weapon it is believed to have

Ortega cali

Nicaraguan President Daniel bid by KKR Ortega, speaking at the UN General
Assembly, called on the U.S. to porBEATRICE, the U.S. food and conmalise relations with his country.

Motorway deaths

At least 15 people died and more than 20 were injured in Britain's worst motorway crash, when 11 vehicles collided on the M6 near Lancaster, north England.

Greek mass strikes

Greece's two main cities, Athens and Salonika, were disrupted as hundreds of thousands of workers went on strike in protest at the Socialist Government's austerity programme launched 10 days ago.

Drug death penalty

A Thai court sentenced an Australian to death for the possession for sale of 2kg of heroin.

Brazil's new fighter Brazil's AMX tactical fighter will be

unveiled today before President Jose Sarney, Page 6

N. Ireland visit

The Princess of Wales made an unannounced visit to Northern Ire-land, her first to the province, where more than 2,000 people have been killed in sectarian violence.

Free pass

All 149 inmates in Honiara's central jail escaped after prison guards in the Solomon Island's capital opened the gates in protest against disciplinary action taken against some of their colleagues.

Exchange may probe trading

Business summary

thorities may launch an investiga-tion into allegations of insider trading in the shares of AEG, the elec-trical concern, ahead of the an-nouncement that Daimler-Benz was seeking a majority stake. Page 29

DOLLAR showed mixed changes in London, rising to Y215.7 (Y215.1) and falling to FFr 8.04 (FFr 8.045) and SwFr 2.165 (SwFr 2.1685). It was unchanged at DM 2.6365. On Bank of England figures, the dollars archange rate index cosed to lar's exchange rate index eased to 130.6 from 130.7. Page 45

STERLING was firm in London gaining 65 points against the dollar to \$1.434 and also rising to DM 3.78 (DM 3.785), FFr 11.53 (FFr 11.485). SwFr 3.105 (SwFr 3.095) and Y309.25 (Y307.0). The pound's expension of the point of the po change-rate index rose 0.4 to 81.0.

WALL STREET: At 3pm the Dow Jones industrial average was down 3.14 at 1,385.70. Page 52

LONDON: Hopes of bid speculation in the wake of the Elders IXL offer for Allied-Lyons failed to materia-lise. The FT Ordinary share index closed 2.9 down at 1,048.9. The FT-SE 100 index closed down 0.9 at

TOKYO: Concern over recent price rises kept investors on the sidelines. The Nikkei-Dow market aver age closed 7.52 higher at 13,023.21.

INFLATION in the European Community fell to its lowest level for 15 years in September, dropping to 5.3 per cent from August's figure of 5.5 per cent.

MOROCCO signed an agreemen with international banks rescheduling most of its medium-term debt of about \$550m, which fell due beeen September 1983 and the end of 1984.

BRAZIL'S leading trade group, Cotia, signed a \$400m countertrade ement with Peru. Page 6

COMPANIES Beatrice rejects

sumer products conglomerate, has rejected a \$4.91bn takeover bid from Kohlberg Kravis Roberts, the investment group. Page 29

MACK TRUCKS, U.S. heavy-duty trucks maker, plans to replace its Allentown, Pennsylvania, production plant with a more modern one, reducing capacity by nearly a third.
Page 29

EDGLEY AIRCRAFT, UK maker of the Optica observation aircraft, was placed in the hands of receivers at the company's request. Page 28

AMOCO, one of the biggest U.S. oil companies, has reported an 18 per cent drop in third-quarter net income to \$490m. Page 28

M JEAN RIBOUD, who recently stepped down from the chairmanship of Schlumberger, the Franco-American oil and electronics group, died yesterday of cancer. He was

SEARS ROEBUCK, the world's big-gest retailer, has reported an 18.6 per cent drop in third-quarter net income to \$262.2m, caused primarily by a sharp profits drop in its Allstate Insurance group. Page 29

WARNER COMMUNICATIONS, U.S. film and entertainments group, continued its recovery with a thirdquarter profit increase of 40 per cent and net income up to \$34.1m against \$24.4m a year ago.

NORTHERN TELECOM, Torontoment maker, lifted net income from C\$75m (\$55.1m) to C\$90.6m (\$66.6m) in the three months ended Septem-

Thatcher dictates extent of action against Pretoria

BY ROBERT MAUTHNER IN NASSAU AND **ANTHONY ROBINSON IN JOHANNESBURG**

ernment have reached agreement on a joint programme aimed at end—

The appointment of a Commoning apartheid in South Africa, but wealth "wise men" group to prowhich falls short of the comprehenmote a dialogue between black and sive economic sanctions demanded by most member countries except Britain.

The agreement, which will see existing selective sanctions marginally strengthened, proposes a progress. Commonwealth diplomatic initia- Mrs M: tive and leaves open the prospect of tougher measures should that fail. It follows two days of tough negotiations by heads of Commonwealth

The South African Government yesterday reserved judgment on the proposals pending study of the full text of the programme. The main features of the pro-

 Concerted pressure to achieve the dismantlement of apartheid; Extending existing economic neasures by a ban on the import of South African Krugerrands and on government funding trade missions to and trade fairs in South Africa; An arms embargo and ban on nuclear equipment exports and on computers for military and police

white in South Africa:

 A review in six months of prog-ress towards the end of apartheid; the consideration of further Mrs Margaret Thatcher, the Brit-

ish Prime Minister, who main-tained her fierce opposition to eco-ernment and "the true representa-nomic sanctions until the end, was tives of the majority black populaforced to concede what she demissions and trade fairs in South

All the other measures listed. Africa, are already being applied by Another important measure on

the Commonwealth list - the ban on all new government loans to the South African Government and its agencies - has been in effect since eptember, as confirmed by Mrs Thatcher in a speech to Common-

COMMONWEALTH heads of gov- loans to South African government wealth leaders last Friday. However, it has never before been inchided in any formal list of British or EEC measures against South

Africa. One of the most important decisions taken by the conference, which ends today was in the political field. The 41 leaders agreed to establish a small group of eminent Commonwealth representatives, whose task will be to encourage a

scribed as "a tiny little bit" in ban-ning the import of Krugerrands and government funding for trade tem of apartheid, to terminate the existing state of emergency and re-lease immediately Mr Nelson Mandela, the imprisoned African Nasuch as an arms embargo, a ban on tional Congress leader together nuclear equipment exports and with other detained members of the technology and on computers for black opposition, recognised that it military and police use in South might be difficult for the Common wealth group to make contact with to have nothing to do with such a

The membership of the group will be decided within the next Continued on Page 28

What the sanctions mean, Page 4; Editorial comment, Page 26

Volcker spells out Third World debt 'challenge'

BY PAUL TAYLOR IN NEW ORLEANS

MR PAUL VOLCKER, chairman of structural changes and sustained ing by the World Bank and the offithe U.S. Federal Reserve Board, economic growth in LDCs clearly unged U.S. bankers to raily behind the recent proposals on all bankers attending the convention to less developed countries (LDCs) put forward by Mr James als seriously.

The Paul of Baker the Treasury Secretary, which include asking commercial banks to provide \$20bn in new credits to Third World nations over

Mr Volcker speaking at the Asso- clear danger of the constructive ciation of American Bankers' annu- process losing momentum." al convention in New Orleans, ahead of a private meeting with senior bankers to explain the Baker tive to capital, had fallen by 25 per

favourable. He said: "Clearly, many obstacles and difficulties remain to be over- and financial uncertainty and fruscome. Moving from the broad con- tranon among borrowers as they cept to practicality is an enormous face the need to achieve sustained challenge in itself. In the end, the growth." decisions are up to the individual bankers. I can only ask that the part Baker proposals, outlined at countries undertaking the neces-challenge be approached construc-

The Fed chairman said that while growth, growth necessary to meet substantial tangible progress" had the legitimate aspirations of the "substantial tangible progress" had been made towards defusing and managing the LDC debt crisis over the last three years, there was "a In particular, he noted that the

proposals, said that initial bank cent over the last three years and reaction to the plan had been that net new bank lending appears to have practically stopped this year, adding to a sense of political

Mr Volcker described the three-Mr Volcker, who repeatedly emsupporting sustained growth. He
phasised that the health of the domestic economy and domestic ress made in the last three years, "it banks would depend in part on also implies much more active lend-

borrowers and growth not unduly dependent on external finance. That same growth should proges sively lighten the heavy debt bur-den of the borrowers, relative to the size of their economies, and the exposure of the lenders, relative to their assets and capital.

According to Mr Volcker, the challenge for the international banking community was "to develop a suitable approach for pledging that enough net new loans be made available at their risk; with such funds to be made available alongside IMF and World Bank participation, to provide assurance that tively, with recognition of what is at rund meeting in Seoul, as "an imstake."

also have a necessary margin of fiportant new initiative aimed at nance from abroad." The meeting follows a similar one

last week with leaders of the nation's major money centre banks

Plan to end EEC **frontiers** opposed

By Quentin Peel in Luxembourg

PLANS to sweep away all internal frontiers in the European Commuuity as part of the drive to complet a single common market by 1992 ran into stiff opposition yesterday when EEC foreign ministers sat down to amend the Treaty of Rome.

They also rejected any sugges-

tion that harmonisation, or at least approximation, of taxes should be decided by majority voting rather than by unanimous agreement.

Even the proposal to put a dead-line of 1992 into the Treaty of Rome for the removal of remaining national barriers to a single market was given a cautious reception at the first full ministerial debate on planned amendments to the treaty.

The ministers, meeting in Lux-embourg at a formal inter-govern-mental conference to decide on farreaching reforms to streamline the EEC and extend its operations, spoke warmly of the need to complete the internal market swiftly. But they proved much less enthu siastic about the means of doing so.

The plan for a Europe without physical frontiers was proposed by the European Commission in its ef-fort to obtain radical and visible reforms of the Rome Treaty accepted by the member states. The Commis-sion has also called for rapid movement to bring indirect taxation, such as value-added tax and excise duties, much closer together to prevent the need for border tax checks.

On the question of physical frontiers, West Germany, France, Britain, Ireland and Italy expressed concern about how to enforce control over drugs traffic, crime, immi-gration and public health. Most would prefer a definition of the common market simply in terms of the "four freedoms": the free move ment of goods, services, capital and

employed people.

Britain, West Germany and France all oppose tax changes being agreed by majority voting, al-though it is an important objective of the present commission and in particular of Lord Cockfield, the British Commissioner responsible

The early resistance by the memher states already appears to have persuaded the Commission to

often its stance. M Jacques Delors, the Commission president, told the ministers that action on tax harmonisation would obviously have to be carried out in a different way, and over a different time-scale, to the 1992

deadline for the common market. As for the member states' doubts over control of drugs and other border traffic, special measures would obviously be needed to take them

Allied-Lyons rejects £1.8bn Elders offer

BRITAIN'S piggest and most autocious takeover bid was launched sothing sinister about IXL. Elders yesterday when Elders IXL, the held call options to buy all the Australian brewing, agricultured states in the group at cost and the and trading group, impelled a deal had simply been structured in ILBbn (\$2.57bn) cash offer for the way for tax purposes and to Allied Lyons, the food and drinks steep the debt involved in the bid off conglomerate.

Allied — is interests included a two-year sterling loan to IXL from Harveys sherries and from Maid in the eight banks — none of which is ince cream — immediately rejected British. Mr John Elliott, Elders'

Elders, which first revealed its in- name the banks involved. tention to bid six weeks ago, has being - its earlier plan to mount a gether with an offer for the prefer-consortium takeover in partnership ence shares and any shares that Nevertheless, the bid far out-strips the previous British record, at £1.8bn. set in 1983 when BAT Industries

of that of its target.

However, several other parties ably have to raise its bid to more are involved in the vehicle being used to launch the bid — a newly

There is no paper alternative, formed company called IXL. A consortium of eight international banks, lead by Citibank of the U.S., have a 58 per cent stake. A 42 per tax problems in accepting cash. cent interest is held by a group consisting of Elders (49 per cent) and

various unspecified people.
Hill Samuel, Elders' financial ad-

BRITISH PETROLEUM is arrang- appointing a bank or group of ing a new \$6.5bn loan facility in banks to lead the operation. It has

as well as securing the availability to about half the present cost of its further \$5bn over seven years.

place a slightly smaller amount of on the new deal. credit lines that have been in place Under the scheme, BP will raise since 1978 and renewed on an actual cash through the issue of

annubal basis. In an unusual tactic, BP is ar-

Harveys sherries through Maid the eight banks - none of which is ice cream - immediately rejected British. Mr John Elliott, Elders' the bid as "completely unacceptable chief executive, declined to give any in amount, in form and substance." other details of the package or

IXL is offering 255p in cash for abandoned - at least for the time each Allied ordinary share. That, towith other international companies. may be issued under option

However, Allied shares closed paid £968m for Eagle Star, the in- last night at 270p, down 5p on the surance group. It is particularly auday, and London analysts said the dacious because Elders has a marpresent offer stood no hope of sucket capitalisation about one quarter cess. To stand any chance of victo-

> There is no paper alternative, though IXL is considering introducing one for the benefit of shareholders who could face capital gains

Continued on Page 28 Lex, Page 28; Editorial comment, Page 26

BP will reschedule \$6.5bn credit lines

what is believed to be the largest invited about 90 credit lines yet undertaken by any corporation in the international by November 1 and will indicate its capital markets.

John Browne, chief executive N

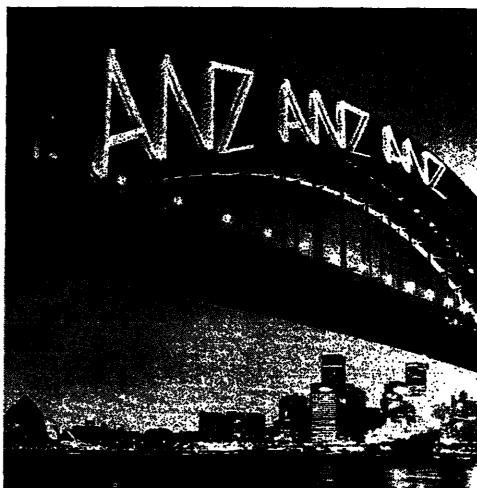
ranging the deal itself rather than

exercise in restructuring short-term banks with which it enjoys existing relations to submit proposed terms

of British Petroleum Finance Inter- Mr Browne declined yesterday to national, the company's integral say what terms he expected to obbank, which is organising the deal, tain from those banks, but the view said yesterday it would include a in the banking community was \$1.5bn committed underwritten fa-that, if successful, BP could secure cility from the company's bankers substantial cost savings amounting on a non-underwritten basis of a standby credit. That would mean an annual fee of about 4 basis points The measures are designed to re- (hundredths of a percentage point)

Continued on Page 28

U.S. oil company results, Page 29



ANZ & GRINDLAYS OPERATE A NETWORK SPANNING 45 COUNTRIES

The Australia & New Zealand Bank-Ing Group with its acquisition of the UK based Grindlays Bank, has established a formidable presence on the International banking scene with Group assets of over USD30 billion. An asset base that spans

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Banking Group The new force in International Banking ANZ Banking Group Limited Grindlays Bank pic

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Macy chairman Finkelstein leads \$3.6bn buyout bid

leading a \$3.6bn bid to take over the

Mr Finkelstein, who is widely credited with transforming Macy from a rather drab department store chain into one of the most admired retailers in the U.S., yesterday announced that he and members of his senior management team intend to make a leveraged buy-out proposal to acquire the company for \$70 a share in cash. The proposed bid, which is subject to the arrangement of financing, is the latest in a string of lever-

MR EDWARD S. Finkelstein. 60- money secured on their company's store under one roof" - a title it has

ing U.S. retailers surged ahead.

Mr Bruce Missett, a Wall Street
analyst, who follows Macy for Oppenheimer and Company, the U.S.

Juder Mr Finkelstein, Macy's net income has risen from \$102m in 1980 to \$221.8m in the year to the brokers, said that the bid was the end of July 1984. However, its profits real indication of what a material research and the statement of the stateme

year-old chairman of R. H. Macy, assets to buy it from the share-the New York department store, is holders. Field. However the 127-year-old Macy's shares jumped by \$17 to group operates almost 100 stores \$64% in early trading on Wall Street across the U.S., including such fayesterday and shares of other lead- mous names as Bamberger's, and

jor retailer was worth." He described Mr Finkelstein as "one of the brightest people in the retailing cess, which has spawned many imitators, was faltering.

R. H. Macy is best known for its department store in New York's share on sales of \$4.4bn. This year Herald Square, which it claimed for Oppenheimer estimates that the

aged buy outs in which manage. Herald Square, which it claimed for Oppenheimer estimates that the ments borrow substantial sums of many years was "the world's largest company will earn \$4.30 a share.

Soviet Union: Moscow set to Editorial comment: Elders: modify trade monopoly ... 6 Commonwealth message . 26

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Alain Cass in Noumea on a French colonial problem with the makings of a crisis

Independence storm gathers in Pacific

Ramada Capital Corporation N.V. 61/4 % Convertible Guaranteed (Subordinated) Debentures

due November 15, 1986

NOTICE OF REDEMPTION

To the Holders of

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of November 15, 1971 under which the above-described Debentures were issued Morgan Gazzanty Trust Company of New York, as Trustee, has selected \$824,000 principal amount of Debentures for redemption on November 15, 1985, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, as follows:

Outstanding Debentures of \$1,000 Each of Prefix "M" Bearing Numbers Ending in any of the Following Two Digits:

36 41 51 63 39 45 53 69 nding Debeniures of \$1,000 Each of Prefix "M' Bearing the Following Numbers:

The right to convert Debentures selected for redemption into Ramada Inns, Inc. Common tock will terminate at the close of business on November 15, 1985. The conversion price of Dehentures is \$15.57 principal amount of Debentures for each share of Common Stock

Debentures is \$15.57 principal amount of Debentures for each share of Common Stock issuable noon the conversion.

On November 15, 1985, the Debentures designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the Receive and Deliver Department of Citibank, N.A. (formerly First National City Bank), 111 Wall Street, New York, New York 10043 or (h) at the main offices of Citibank, N.A. in Amsterdam, Milan, Brussels, Frankfurt/Main, Paris or London, or the main office of Citibank (Luxembourg) S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattau, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-3 certifying under penalties of perjury the payees' taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when pretenting your securities for payment. Coupons due November 15, 1985, should be detached and collected in the usual manner.

On and after November 15, 1985, interest shall cease to accrue on the Debentures selected

On and after November 15, 1985, interest shall cease to accrue on the Debentures selected for redemption. Following the aforesaid redemption, \$1,132,000 principal amount of the Debentures will remain outstanding.

RAMADA CAPITAL CORPORATION N.V. Dated: October 15, 1985

ROGER GAILLOT stands on his total world deposits—to inde-simple hilltop ranch house and pendence within two years. gazes at what he and his family Under the plan announced by of white settlers have achieved since landing in New Caledonia,

story. M Gaillot's great grand-father, a Breton with a taste for travel, landed in this island in He was given 20 acres of land by France which he worked until his death five and eaten by Malanesian

Today M Gaillot owns land as far as the eye can see: over 2,500 acres, with 1,600 head of prime beef, a dozen horses and a private landing strip all hemmed in by mountains to the north and the Pacific to the

Gaillot is fond of telling the

story of his great grandfather's death because it underlines the point he wants to make at a time when opinion between pro-indenpendence white set-tlers like himself has become dangerously polarised. "When my family came here," says M Gaillot, "there was nothing. It was empty. The Melanesians lived in the moun-

tains. They were in the stone age. We gave them civilisation in return for land. This land belongs to those who made Now, he says, the white settlers in Caledonia have been "betrayed" by France. "The Socialists have sprung a trap

for us and they expect us to fall into it. Well, you can tell them from me that they will have problems." The "trap" referred to by M Gaillot is the plan to move this tropical Cote d'Azur built on French money, tourism and the nickel boom of the 1970s—New

M Laurent Fabius, the French Prime Minister on April 25, New It has been an exciting and a new assembly last month. often perilous adventure, not out of place in a Joseph Conrad story. M Gaillot's great second a new assemble assemblies would form the territorial congress. the territorial congress which would implement a referendum on independence for the territory - possibly in "association"

with France on matters of defence and security. worked until his death five The regional divisions years later when he was killed appeared designed to create a pro-independence Congress with New Caledonia's indigenous people — the Kanaks — in control.

Unfortunately for France and President Francois Mitterrand, who is already preoccupied with the Greenpeace affair in the Pacific, the Fabius plan backfired and it is the French Government which now finds itself caught in a trap, some would say of its own making. The problem for France is that, unlike any other colonial situation, the indigenous Mel-

anesian Kanaks constitute a minority in their own country largely as the result of a deliberate French policy over the years to encourage immi-gration. They make up only 43 per cent of the population of 145,000. The whites (37 per cent) and other Pacific Islanders and Asian minorities (20 per cent) encouraged to settle here from former French colonies are solidly against independence. They fear being swamped by Melanesian culture, a fear which has been greatly compounded by the electoral victory in New electoral victory in New Caledonia's four regions of the fundamentalist Kanak Socialist National Liberation Front

(FLNKS). But although the Kanaks won

area of the territory, that drew anywayaround Noumea, and which therefore has most seats, was by anti-independence won forces.

Despite winning a majority of the territory the FLNKS and its more moderate partners the LKS hold a minority of the new seats as well as a minority of



vote. The trap France Is now caught in is that, under French constitution, M. Mitterrand's government cannot simply hand over power without an act of self-determination by the islanders are solidly against independence.

M Jean-Claude Briault, an elected member of the Conservative Rassemblement pour Caledonie Republicaine (RPCR) says the territory's economy, already wilting because of a collapse in nickel

this place. We have a higher per capita income than any country in the Pacific and many white hopes now country in the Pacific and many in the world. Most children go to school. Most communities have health centres. We have television, 500 Km of paved roads, direct dialling to the world. The French state subsidises a third of our annual budget. We couldn't possibly survive without France. Independence is a dream which won't work."

What is equally not in doubt, however, since last month's elections is that the overwhelming majority of Kanaks want independence and some may be prepared to fight for it. France has 3,000 troops and para-military police who patrol the island trying to prevent serious racial strife.

Melanesians say that France encouraged immigration in the encouraged immigration in the 1960s and 1970s making them a minority in their own land. M Jean-Marie Tjibsou. 49, formerly a Roman Catholic priest released from his vows in 1970 to take up politics. leads the FNLK from a Kanak stronghold in the north. He would, if independence ever came, be a strong contender to become the country's first

leader.
"We have been humiliated in our own land for long enough"
he said. "We are not French
and neither do we want to be.
We are the sons of the soil. We
were here long before the colonial power game. There is a conflict of legitimacy over who owns this country and until that is resolved there can

be no peace or security."
But despite his party's sweeping gains at the elections M Tjibaou is painfully aware of the built-in majority for inde-

outright, the fourth, which prices and tourism, would be pendence. His answer is to the represents the most populous set back decades if France with entranchise all whites and other area of the territory that drew anyway. "France has been good for which has to be held by 1982" is place. We have a higher "How they do it is thele

White hopes now rest on at Opposition victory led by forme French Prime Minister Jacobs Chirac of the Conservative RPs in the parliamentary election due in France next March the hope is that a government dominated by M Chirac would hold a referendum in New College of the which all would have allowed to you and the materials. allowed to vote and the majorite would say "Non" to independence. New constitutions arrangements could then introduced which would retain the ties with France Independents.

But many whites recognized may not be that simple. Firstly even if the Opposition win the day next March France will still have a Socialist President win may not agree with his new government. Second, by the time M Mitterrand's term run out in 1938 the new regions assemblies in New Caledonia assemblies in New Caledonia will be working and it is have to see how a new administration could put the clock back. Think, as a journalist in Noumea and "The genie of independences has been let out of the land;" Kanak expectations have been aroused. They will not aroused. They will not be dampened."

the future, therefore, look bleak for New Caledonia. As-increasingly vocal and militain independence movement encouraged by, among others.

Libya (where some Kainais,
have been betrayed) and Chin
is pitted against a majoring is pitted against a majorine determined to hold out to the bitter end. France, not for the first time, is trying to hold the ring and find a political solution to one of its remaining colonial problems which confider it gets out of hand, easily become a crists.

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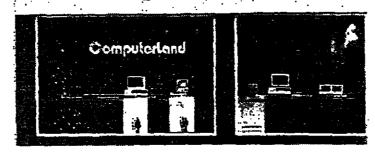
over 800 centres around the world, they question whether such a large organisation could possibly offer personal service.

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ComputerLan

Portugal party picks contender for President

By Our Lisbon Correspondent PORTUGAL'S Social Democrats, victors in the general election two weeks ago, have voted to back Professor Diogo Freitas do Amaral, a former Christian Democrat leader, in the presi-dential election next January.

The vote spit the party's national council. Prof Freitas do Amaral was proposed by Sr Anibal Cavaco Silva, the party's new hard-line leader, but was opposed by others who wanted a candidate from within the

Sr Cavaco Silva is expected to be sworn in as Prime accommodat Minister next month. But he authorities. will head a minority one-party government that will need the support of a sympathetic President to survive.

The other two main contenders to succeed President
Antonio Ramalho Eanes, are
Sra Maria de Lourdes Pintasilgo, a Left-wing Catholic, and
Sr Mario Soares, the Socialist
leader and outgoing Prime
Minister. Minister.

Solidarity puts a brave face on election setback

BY CHRISTOPHER BOBINSKI IN WARSAW

SOLIDARITY'S underground for Poland should the authorities describe its agree to an extensive mother than two-thirds of the Polish electorate ignored its call to boycott last

He claims that between

Solidarity.

His uncompromising tone reflects the anxiety that moderates like Mr Lech Walesa may be ready to look for an accommodation with the authorities

Polish debts guaranteed by the West German Government with the west German Government to be signed this week, a Finance Ministry official in Born told AP yesterday.

He refused to disclose the

The Government has hinted at the possibility of an amnesty for Poland's 400 or so political prisoners and would like to see

prisoners and would like to see the underground wind up its activities in return.

According to Mr Bujak:
"Solidarity's right to a legal existence cannot be the subject of negotiation." The underground, he added, is ready to call for Western economic aid.

cialise in solutions to your personal

He claims that between

week's parliamentary elections.

Mr Zbigniew Bujak, the
Warsaw underground leader,
says underground will continue
until the authorities recognise

Politic debts guaranteed by

He refused to disclose the amount of the debts which were

FINANCIAL TIMES Barlow, R.A.F. McClean, G.T.S. Dumer, M.C. Gorman, D.K.P. Palmer, London, Printer: Frank-furter-Societäts-Druckersi-

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Electrowatt Finance (B.V.I.) Limited British Virgin Islands

Notice to the holders of

US\$ 5% Convertible Bonds due 1998



In compliance with the Trust Deed constituting the above-mentioned Bonds, Notice is hereby given that at the Annual General Meeting held on October 3, 1985 the share-holders of Elektrowatt AG have approved to authorise a bearer participation certificate capital of Sfr. 75 million nominal.

In conformity with the Trust Deed and the Terms and Conditions of the Bonds, the Conversion Price has, therefore, been reduced to

US\$ 1262.--

with effect as of October 22, 1985.

Holders of the Bonds wishing to exercise their conversion rights have to lodge a duly completed Conversion Notice, obtainable from any Paying Agent, together with the Bonds to be converted with Credit Suisse, Zurich, Credit Suisse London Branch or Credit Suisse (Luxembourg) SA.

Upon conversion of any Bond, there will be paid to the Bondholder in respect of each Bond delivered for conversion a sum of US\$ 88.—equal to the difference between this principal amount of US\$ 1350.— of such Bond and the new conversion price of US\$ 1262.—

October 22, 1985

ELECTROWATT FINANCE (B.V.I.) LIMITED

ELEKTROWATT AG

V. No. 993,835

BY JOHN DAYIES IN FRANKFURT

WEST GERMANY'S five leading income tax would help to deflect the Government to bring for-ward the second stage of its plus next year.

West Germany has already intermittent calls from

A Mark State State

Control of the contro

The transport of the tr

h relate he

Total miles

of a Cut is a

The institutes, which are forecasting 3 per cent economic growth next year, want the second stage tax cuts to start from the beginning of 1987—

The unstitutes, which are surplus.

They predict that the surplus will rise by about DM 20bn to a record of nearly DM 100bn. The current account surplus is a year earlier than playined and from the beginning of 1987 — a year earlier than planned and right on the eve of the next

right on the eve of the next federal election.
Several months ago, they recommended that the whole DM 20bn (£5.5bn) package be introduced from the beginning of next year. This call was backed by some in the coalition's own ranks, who argued that more should be done to stimulate the economy and to improve the govern-ment's chances in the election due by February 1987. In the end, however, Herr Stoltenberg fended off these demands fended off these demands, arguing that tight control of

budget spending should not be relaxed.

The institutes' latest suggestion comes just after nationwide demonstrations organised by the DGB trade union federation, calling for more public investment and shorter working hours in order to grow by about 2.25 per cent in real terms this year. This is slightly less than last year's 2.6 per cent growth Private spending on consumer goods is likely to grow much more strongly next year, bunyed up by the first stage of the Government's tax cuts and by reduce the product to grow by about 2.25 per cent in real terms this year.

This is slightly less than last year's 2.6 per cent growth year's 2.6 per cent growth. reduce unemployment. They higher wage increases. Inflation argue that bringing forward the is likely to continue at about second stage cuts in personal 2 per cent a year.

planned income tax cuts to boost the country's modest growth.

West Germany has already faced intermittent calls from abroad to boost its economy but Although the recommendation was immediately dismissed by Herr Gerhard Stoltenberg, the Finance Minister, it is likely to fuel arguments further about stimulating the economy.

The institutes which are currents currents.

expected to rise to a record DM 50bn from DM 35bn this

The five institutes — from The five institutes — from Berlin, Hamburg, Munich, Kiel, and Essen—believe West Ger-many's moderate growth will create about 200,000 jobs next year. But because of new-comers entering the labour market, the drop in unemploy-ment will be less. While the number of people

out of work will average about 2.3m this year, it may decline to about 2.25m next year, the institutes predict. They expect gross national product to grow by about 2.25

Brussels sounds warning over shipbuilding

THE EFFORTS made by European Community shipyards to regain competitiveness have been multified by productivity losses and yesterday.

In an analysis of the Community shich has been seeking to comhat recession by restricturing, the Commission protect that the level of orders shad never been less than 4.7m tonnes. At the end of 1984 it was 2.5m tonnes, and at the yards having to cope with interrupted work programmes.

The result has been productivity losses as a production facilities and the workforce and the workforce itself has been forced to accept been cut by more than half so that until the end of next longer ide periods.

Been cut by more than half so that until the end of next longer ide periods.

So that until the end of next longer ide periods.

The loss of output has been of the industry showers placed longer ide periods.

So that until the end of next longer ide periods.

The loss of output has been of the industry showers placed longer ide periods.

The subside that the level of orders dropped last year to the lowest proper last year to the lowest proper last year to the lowest proper last year to the lowest and period fact that the level of orders dropped last year to the lowest shough of the singer from last over the lowest showers placed longer ide periods.

So that until the end of next longer ide periods.

The loss of output has been of magnitude.

The dire straits of the industry in some decided against the background of what the Commission called market share to Japan and survival of the industry in some decided against the background of what the Commission called market share to Japan and survival of the industry in some lations, permitting aid linked to restructuring. What happens after that will have to be decided against the background of what the Commission called "an increasing threat to the survival of the industry in some cases."

Secondly, the Commission figures show that the commission figures show that or restructuring. What happens water to restructuring. What happens after that wil

Hungary faces energy shortages

By Leslie Colitt in Berlin

A SERIOUS shortage of coal has developed in Hungary which could lead to widespread energy restrictions this winter. Neighbouring Romania last week declared a state of emergency in its coal and power industry and Bulgaria too has acknowledged a critical power

Industry, Mr Laszlo Kapolyi, said a "great shortage" of coal existed although production was boosted in recent years in order to reduce oil imports from the Soviet Union. He said the "exploitation" of coal reserves, however, had been delayed.

An extra 1m tonnes of coal were being imported at a cost of 50 per cent more than domes-

fuel than other parts of the country, energy shortages could again develop this winter which would affect district heating, heating oil and coal.

Energy restrictions could be imposed which would mainly affect industrial consumers in order to ensure supplies to the population. The severe cold last winter led to widespread power shortages in Hungary, the brunt of which was felt by industry, which had to curtail output.
The equivalent of 500,000

and is viewed as the highly-organised Dutch peace move-ment's last-ditch attempt to will attend a rally on Saturday marking the end of the signa-

Anti-missile petition 'signed by 3m Dutch' A WRITE-IN campaign to pre-

vent deployment of cruise missiles in the Netherlands has collected 3m signatures, with supporters claiming success and pro-missile activists calling it "a farce," AP reports from The

The campaign, sponsored by an amalgam of anti-war groups, is the largest since Dutch citizens were polled in 1923 on whether the Government should enlarge its naval ficet. Each of the nation's 5.4m households received a postcard

on which the occupant could indicate his or her opposition to the missiles.
The campaign ends on October 26. six days before a Government decision on whether or not to deploy the Nato missiles in the Netherlands. Campaign

spokesmen yesterday called it "an enormous success." The pro-cruise Inter-church Committee for Two-sided Disarmament discounted the 3m figure as "wholly unreliable. The whole drive is a farce because the organisers don't verify the signatures."

The 3m signatures appeared on a total of 1m cards, according to the organisers.

ing to the organisers.
Opponents claimedthat "many" signatories have included the names and signatures of minor children. Even if all those signatures were bona fide, 3m is still a minority." The Dutch population is about 14m.
The write-in campaign has no

Although the Dutch Premier, Mr Rund Lubbers, has said he ture campaign, he has avoided any pledge to make it a part shortage. The Hungarian Minister of

tic coal, he said. The production backlog in the coal mines would be made up by mid-November. The city administration of Budspest warned that while the capital was better provided with

tonnes of additional oil was consumed during the first few months of the year.

Hungary cut its TV programming during the winter by nearly a quarter, while Romania slashed broadcasting to two hours on weekday evenings and

hours on weekday evenings and retained the restrictions throughout the year. The general director of the Hungarian Chamber of Commerce, Mr Gerd Biro, said Hungary's annual cost of living increase of 8-9 per cent was the highest in Eastern Europe except for Poland because the subsidies and had state tolerated an economy of scar-

with Hungarian radio that the price index for consumer goods in several other Comecon countries failed to include food price rises or the prices of individual plot-holders who sell their food on the private market. They also often did not include the of the Government's decision—also often did not making process on the missiles. prices of services.

WARSAW PACT LEADERS MEET IN BULGARIA

Gorbachev briefs allies on summit goals

MR MIKHAIL GORBACHEV prime, foreign and trade mini- impending replacement. Mr due today to start briefing his sters, indicates that he wants Gorbachev has already replaced Bulgarian capital of Sofia on the ing meeting with his allies, to Germany and Czechoslovakia. proposals he plans to put to discuss more than just defence. Geneva next month.

The two-day Pact summit will meetings, both as the Warsaw focus on the "central issues" a 50 per cent cut in strategic nuclear missiles, a ban on space weapons and a general renewal of East-West detente, the Soviet foreign ministry spokesman told the Bulgarian news agency

Mr Gorbachev faces a conhis allies to support his Geneva summit positions than Mr Reagan will face on Thursday when he consults Nato leaders

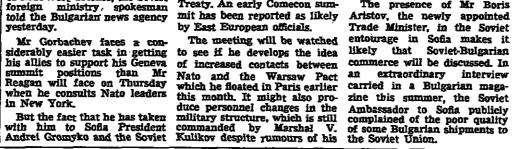
pose of extending the Warsaw Treaty. An early Comecon sumby East European officials. The meeting will be watched

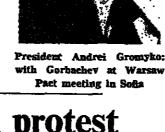
duce personnel changes in the But the fact that he has taken military structure, which is still with him to Sofia President commanded by Marshal V.

Warsaw Pact allies in the to use this his first real work- top Soviet commanders in East Mr Gorbachev is expected to President Ronald Reagan in He believes the alliance should stay on in Bulgaria briefly have more regular summit-level after the summit ends tomorrow to carry out the official visit that his predecessor. of the Gorbachev proposal of The new Soviet leader has the late President Konstantin attended only one Pact summit, Chernenko, planned January, but was forced by illin May for the ceremonial pur-

The presence of Mr Boris mit has been reported as likely Aristov, the newly appointed Trade Minister, in the Soviet siderably easier task in getting to see if he develops the idea likely that Soviet-Bulgarian of increased contacts between commerce will be discussed. In Nato and the Warsaw Pact an extraordinary interview which he floated in Paris earlier carried in a Bulgarian maga-this month. It might also prozine this summer, the Soviet

ness to cancel.





Greek austerity plan brings thousands out on strike in protest BY ANDRIANA IERODIACONOU IN ATHENS protest strikes led by opposition accused the Communist and Greece's two main cities, Athens businesses and shops. and Salonika, was severely In Athens, taxis stay

ten days ago.

The strike, which affected more than 20 provincial towns as well, was the most serious faced by the Socialists during

and Salonika, was severely disrupted yesterday as streets for 24 hours and states streets for 24 hours and state system of linking wages to hundreds of thousands of owned buses and trolleys stopped running for three hours pensated retroactively every in the morning and again in the afternoon. Banks will remain attendays ago.

The Socialist Government ten days ago.

The strike, which affected more than 20 provincial towns as well, was the mast serious an all-day strike on Thursday.

In Athens, taxis stayed off the taxeous watering down of the streets for 24 hours and state system of linking wages to inflation. They used to be compensated retroactively every four months for overall inflation, but will now be compensated in advance on the basis of Government predictions for domestic inflation.

Yesterday's action went and state hours and state hours and state hours and state hours are inflation. They used to be compensated retroactively every four months for overall inflation, but will now be compensated in advance on the basis of Government predictions for domestic inflation.

Yesterday's action watering down of the streets for 24 hours and state hours and again in the morning an

businesses and shops.

In Athens, taxis stayed off the streets for 24 hours and state-buned buses and trolleys stop
businesses and shops.

package, along with simultaneous watering down of the system of linking wages to inflation. They used to be com-

The decision, which was taken only because of a casting vote by the Socialist president of the congress, split the Socialist majority in the GSEE leadership and led to the expulsion of eight top trade unionists who backed strike proposals from the Socialist personally adopted a tough stance towards militant trade unions. Mr Andreas Papandreou, the Prime Party at the end of last week.

Party at the end of last week sent shock

So far, the Government has adopted a tough stance towards militant trade unions. Mr Andreas Papandreou, the Prime Minister, personally warned special debate in Parliament on would-be strikers at the end of the austerity regime, on the grounds that economic policy will be discussed when the 1986 ten days ago.

The strike, which affected munications, water and postal more than 20 provincial towns services, are expected to stage as well, was the most serious an all-day strike on Thursday.

Workers are calling on the faced by the Socialists during fours years in power. It grounded Olympic Airways and freeze imposed until the end of last week minister, personally warned despite a decision last week by Greece's trade union last week that the Government faced by the Socialists during fours years in power. It grounded Olympic Airways and freeze imposed until the end of last week. Minister, personally warned would-be strikers at the end of last week would-be strikers at the end of last week. Minister, personally warned was through Socialist union last week that the Government also

How has Turkey become a vital route for petroleum products from the Middle East to the West?

well as construction expertise, plant and machinery wherever they are wanted, as counter trade. Meanwhile the small consignments are stored in Turkey

In return we help to provide many technical services, as

until the quantities are large enough to be worth exporting to the West. This complex trade obviously requires a specialist under-

standing of the implications involved and a highly developed banking system to cope with it. That's why Interbank is responsible for so much of it.

We are Turkey's leading specialist in counter-trade. Of course it is only part of our international financial operations

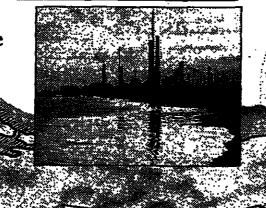
that accounted for nearly 10% of Turkey's

BECAUSE INTERBANK LEADS THE WAY WITH PRECISE

There is nothing new about the oil trade between the Middle East and the West.

But perhaps the part that Turkey plays in it is less known.

FINANCIAL CONTROL.



total foreign trade earnings in 1984. But it is a vital part and one which we expect to grow markedly in 1985.

As well as bringing in crude oil in the normal way, Turkey also imports refined products from a variety of Middle Eastern countries, very often in quite small quantities.

Civil war strife scars the 'fairest Cape'

is not a popular lady among the Moslem Christian inhabitants of Cape Town's coloured surburb of

They, who tune into the BBC World Service rather than South African Radio for their news, have been following the Commonwealth Conference with

Doesn't Mrs Thatcher realise that supporting trade is supporting the apartheid regime which keeps us in these ghettoes?" asked an angry Athlone businessman to the approval of a surrounding crowd of the suburb's citizens. "That it is supporting the which deprives our and sends these armed hooligans into our communities to shoot

our children?"
The Cape Peninsula is not included in the 36 magisterial districts covered by the Emergency regulations introduced on July 21, but nearly 60 people have been killed and hundreds more wounded in the area in the two months of school boyof a mass march on Pollsmoor maximum security jail to demand the release of Mr Nedson Mandela, leader of the National Congress African movement dedicated to outsting the Government.

For months, Athlone and other mixed-race suburbs in the peninsula have been rocked by violent protests against secondclass education and outrage at the unleashing of armed police and troops in armoured cars who have maimed and killed children while dispersing riotous demonstrations. Such is the topography and

history of the peninsula, however, that white, coloured and Asian communities are not separated in the way that black townships are kept miles away from white areas on the flat highveld of the Transvaal, the Eastern Cape or the Orange Free State.
The result is that what was

once called the "Fairest Cape" is a hotbed of unrest, which in recent weeks has shocked many whites, who have had to run



A crowd in the coloured and Moslem township of Athlone a commercial vehicle in the recent unrest.

to coloured areas and the air- sea change in attitudes which port and have seen crowds of has not only converted middle youths stoning White shopping and residential areas. into radical activists but and residential areas. into radical activists but But the spillover of unrest increated a new militancy among to white areas is merely a the 150,000-strong Moslem Comsuperficial manifestation of a munity, whose most radical

against the apartheid system. Events of the last week, in- on the brink of armed conflict cluding delays by the police in led to anguished warnings last handing over the victims of police violence for immediate burial according to Moslem law and the surrounding of the St Athens Mosque in Athlone by police leading to an exchange of fire between police and the crowd, has brought further recruits for the advocates of jihad. According to Mr Ibrahim Patel, an Islamic specialist at the University of Cape Town, radical Moslem youths in-fluenced by events in Iran and the rise of Moslem conscious-ness in the Arab world, have been delving into the Koran for texts of relevence to the

struggle against apartheid.
Traditional Moslem authorities like the Moslem Judicial Council have been publicly joined by more radical groups, some wearin gihe chequered scarves favoured by the Palestine Liberation Organsia-

tion
They were in evidence last week as large crowds gathered in Athlone, Grassy Park, Mit-chells Plain and other communi-

members are now calling openly ties to do battle with the army for an armed jihad, or holy war, and police patrols.

week from local white Progres sive Federal Party (PFP) opposition leaders. The Cape, they said, risks civil war unless President P. W. Botha aceded to growing demands to withdraw troops and police from the townships and take a hold new political initiative on the lines advocated by the Convention

President Botha's response has been to withdraw the passports from a group of Afrikaner students planning a meeting in Lusaka with the youth wing of the African National Congress, to blame the ANC for the unrest sweeping the country and to reaffirm his intention to proat a pace determined by his Last night, as the President

set off to address a by-election meeting at Bethlehem in the heart of Arikaner Orange Free State farming country, there was no indication that the Com-monwealth Conference has

Krugerrand sales already 'dead' say gold traders

rmancial times Daturnay October 19 1000

GOLD traders yesterday said the possible ban on Krugerrand imports by the UK and other Commonwealth countries was unlikely to make an already-depressed market any worse.

They said that sales of the gold coin this year had already slowed to a trickle as investors reacted against the political unrest in South Africa. "The Krugerrand market is dead." said one, "it can hardly get any deader."

In the UK, the whole gold oin market has been slack coin since the Government imposed

Several dealers had stopped trading Krugerrands actively even before yesterday's announcements, particularly those with strong links with gold markets in the U.S., where President Reagan banned imports of the gold coin earlier this month. this month.

The outlook for Krugerrand sales in Japan is also very diffi-

sales in Japan is also very din-cult with the Government advising trading houses not to import the coin.

The International Gold Cor-poration (IGC), which markets South Africa's gold, yesterday put a brave face on the Com-monwealth leaders' decision, cointing out that it was aimed pointing out that it was aimed only at restricting Krugerrand imports and not sales within the UK or any other country. Investors' freedom to continue to buy, hold and sell coins was affected, it said. Nevertheless, the slump in

Krugerrand market this IGC which has in recent years nighty successful the promote the coin. altegether selling some 43.5m ounces of gold in coins. In 1984 Krugerrands further effective measures will

accounted for 2.6m ounces of world gold coin sales of 4.2m ounces. This year the proportion is expected to be far lower and the IGC stopped publish-ing sales figures in May.

The depressed state of the gold market accounts for part of the decline. But investors

have also switched to buying other gold coins, notably the Canadian Maple Leaf, which is being heavily promoted by the Canadian Royal Mint. ing has generally occurred in he reviewed."

Jommonwealt Conference 198

tions on Krugerrand imports. For this reason, they say that the Commonwealth decision in also likely to have little effect.

Traders point out too that the
Commonwealth community in
referring to "a readiness to
take unilaterally what action
may be possible to preclude the
import of Krugerrands" has
been phrased in very losse
language, allowing Governments
to set their own pace in fulsuing the agreement. also likely to have little edit ing the agreement. Christian Tyler adds:

British Government spent and £186,000 in the past financial year on sponsoring 12 tracks missions to South Africa and supporting British company participation in two trade fairs.

No new missions and fairs will be supported, the Department of Trade and Industry

delegation from Coventy Chamber of Commerce and Industry is presently in the country. The next mission one to go is from the Dundee chamber at the end of this week; its financial support from the British Overseas Trade Board, part of the DTI, is "under con-sideration."

The London Chamber Commerce said yesterday it was reviewing whether to go shead with a trade mission. planned for early next year. anadian Royal Mint. The licensing of computer.

Traders say that this switch sales to South Africa may also

Commonwealth leaders state their terms on S. Africa

with a condemnation of South Africa's refusal to dismantle apartheid, its "illegal occupation" of Namibia and its "aggression against its neighbours." The Namibla and its aggression against its neighbours." The accord goes on to call on the South Africa Government to take the following steps "in take the following steps "in a genuine manner and as a matter of urgency."

1. "Declare that the system of apartheid will be dismantled and specific and meaningful action taken in fulfillment of 2. Terminate state of emergency.
3. Release immediately and

unconditionally Nelson Man-dela and all others imprisoned and detained for their opposition to apartheid. Establish political freedom and specifically lift the existing ban on the African National Congress and other political

5 Initiate, in the context of a suspension of violence on all sides, a process of dialogue across lines of colour, politics

Morocco

package

THE AGREEMENT reschedul-

ing about Morocco's \$550m (£390m) of medium and long term debt owed to international

banks was signed in Paris yes-terday by M Abdellatif Jouahri

the Moroccan Minister of Finance. Some banks signed the

agreement yesterday while others will sign it in London

The agreement covers all the

principal repayments due in 1983 and 90 per cent of the principal due last year. The repayments are stretched over

eight years with four years' grace and the borrower is pay-

ing a margin over the interbank rate of 11 per cent.

The banks will now be able to start negotiating with Morocco the rescheduling of

about \$850m worth of principal repayments due in 1985 and 1986.

The Moroccan Minister, who

estimated his country's foreign debt at about \$13bn, said that the Kingdom would have to

foreign debt repayments until 1988.

signs

debt

and religion, with a view to establishing a non-racial and representative government.

We have agreed on a number of measures which have as their rationale impressing on the authorities in Pretoria the compelling urgency of dis-mantling apartheid, and erecting the structures of democracy in South Africa.

The latter, in particular, demands a process of dialogue involving the true representatives of the majority black population of South Africa, We believe that we must do all we can to assist that process, while recognising that the forms of political settlement in South Africa are for the people of that country—all the people—to determine.

To this end, we have decided to establish a small group of emment Commonwealth persons to encourage through all practicable ways the evolution that necessary process of political dialogue.

We are asking the president of Zambia and the Prime

BY TONY WALKER IN CAIRC

THE U.S. and Egypt yesterday

appeared to take a step towards smoothing over their serious differences which arose after the U.S. forced down the

Egyptian aircraft carrying four

hijackers of the Italian cruise liner Achille Lauro.

Mr John Whitehead, the

deputy Secretary of State and President Reagan's special envoy, met President Mubarak of Egypt for lengthy discussions which both sides agreed and helped in the process of recon-

cilation. But Egypt is making it

clear there is some way to go before it is prepared to declare the matter closed.

It seems Cairo is seeking a

It seems Cairo is seeking a substantial gesture from Washington, possibly a U.S agreement to go ahead with a first stage meeting between U.S. officials and a Jordanian-Palestinian delegation as a means of opening a direct corridor to Arab-Israeli talks.

It was significant that Mr Whitehead, in a brief statement

after his meeting with Mr Mubarak, said that "much of our discussion focused on the peace process and the importance of moving forward

soon towards direct negotiations within an appropriate context."

Bahamas, Canada, India, the step to discourage sporting from South Africa; United Kingdom and Zimbabwe contacts; will—An embargo wealth) Secretary General the mend to other governments, the modalities of this effort to assist the process of political

dialogue in South Africa. We would look to the group of eminent persons to seek to facilitate the processes of dialogue referred to . . above and by all practicable means to advance the fulfilment of the objectives of this accord.

6. For our part, we have as an earnest of our opposition to apartheid reached accord on a program of common action as declare the Com-

monwealth's support for the strictest enforcement of the mandatory arms embargo against South Africa, in accordance with UN Security Council resolutions 418 and 558, and commit ourselves to prosecute violators to the fullest extent of the law: We reaffirm the Gleneagles Declaration of 1977, which called upon Commonwealth

members to take every practical

"TUNISIA was not asked by

anybody to allow the landing of the plane carrying the hi-jackers," a Tunisian Foreign Ministry official said by tele-

phone from Tunis yesterday, writes Francis Ghiles.

"This conforms to our long-standing policy of not allow-ing hijackers to land in Tunis." the official said. Tunisla's position, therefore, remained unchanged from what it has said since the air-craft was divasted to Sielly

craft was diverted to Sicily.
Agencies add: A Palestinian leader yesterday called
for an internal investigation

of Mr Mohammed Abbas a

Palestine Liberation Organi-

sation (PLO) leader who U.S. authorities claim master-minded the hijacking of the

accelerating that process."

Mr Richard Murphy, the U.S.

Assistant Secretary of State for Middle East Affairs, has visited the region on several occasions in recent months in an attempt

to establish the ground rules for a first stage meeting with a

His efforts have been unsuc-

The U.S. envoy noted that His efforts have been unsuctions.

"both our nations have cessful because the U.S. wants Mr Whitehead said he had have involved crimportant roles to play in to be sure that such a meeting delivered a letter to Mr Muba-Mubarak himself.

U.S. and Egypt seek to heal rift

TUNIS DENIES COMPLICITY

adoption of the following further economic measures, which have already been adopted by a i-A ban on all new government loans to the Government and its agencies; il—A readiness to take unilaterally what action may be

of Krugerrands; iii-No Government funding for trade missions to South then meet to review the situ-Africa or for participation in exhibitions and trade fairs in South Africa;

forces, police or security force -A ban on new contracts for the sale and export of nuclear others: goods, materials and tech- A be

strict and rigorously

Italian Craise ship Achille

jackers aboard an Egypt Air jetliner diverted to Italy by U.S. jetlighters earlier this month, but was freed by the

Italian authorities.
Shalkh el-Hout, represent-

Shalkh el-Hout, representing the PLO at the United Nations said on NBC television: "I feel as a member of our (PLO) Parliament, as a result of what has happened recently, that Mr Abbas should by a subject for investigation and, if it's proved that he had any counection with what has happened, we may dismiss him out of the Executive Committee."

He denounced the bliacking

He denounced the hijacking as "an act of terror."

would advance the peace pro-cess and not simply be an end

ment about the names of Palestinians put forward for the

first stage discussions because some have overt Palestine

Liberation Organisation connec-

and the second s

Mr Abbas was with the hi-

vili—An embargo on all military co-operation and discouragement of all cultural and scientific events except where these contribute towards the ending of apartheid or have no possible role in promoting it. It is our hope that the process and measures we have agreed upon will help to bring about concrete progress towards the objectives stated

possible to preclude the import above in six months. The heads of government . . . or their representatives, will

South Africa; quate progress has not been iv—A ban on the sale and made within this period, we export of computer equipment agree to consider the adoption capable of use by military of further measures, some of us would, in that event, consider the following steps among

 A ban on new investment or vi—A ban on the sale and reinvestment of profits earned export of oil; in South Africa; A han on import of agriculcontrolled embargo on imports tural products and the termin-of arms, ammunition, military ation of double taxation

rak which expressed

could now put our recent differ-ences behind us."

that the recent events were in

no way directed against Egypt or its people for whom all

Americans have the deepest respect," Mr Whitehead said. "We very much regret that

developments took the course they did. Our only object was

to bring to justice criminals

risit, to seek reconciliation indi-

Mr Mubarak has described

"I explained to the President

government assistance to investment in and trade with, South Africa; ● A ban on all government procurement in South Africa; A ban on contracts with majority owned South African

A ban on the promotion of Finally, we agree that should all of the above measures fail to produce the desired results within a reasonable period.

Many of us have either taken or are prepared to take measures which go beyond those listed above, and each of ns will pursue the objectives of this accord in all the ways and through all appropriate fora

have to be considered.

open to us. We believe however, that in pursuing this programme jointly, we enlarge the pros-pects of an orderly transition to social, economic and nolitical justice in South Africa and peace and stability in the southern Africa region as a

Manila police fire on

Another 15 people among the estimated 5,000 demonstrators marching towards

was winning the war against the country's Communist forces, writes Samuel Senoren. Mr Marcos said that the "kill ratio" was seven guerrillas to seven Government seldiers and that a number of military units had

expulsion from **National Party**

Attacks by Sir Robert Muldoon, the former New Zealand Prime Minister, on the current leadership of his opposition party, the National Party, have raised the pos-sibility of his expulsion, writes Dai Hayward from Welling-ton. Party leaders yesterday did not rule this out. The dispute over Sir Robert's de-mands for a more senior political role has been simmering for some time but broke out into the open last weekendwhen he and party leader Jim Mclay battled each other through radio news bulletins.

Iran Cabinet Difficulties have arisen in

Iran over the nominations for the new Cabinet headed by Prime Minister Hussein Moussayl, ...writes ...Kathy Evans from Dubai. Revolution, are unlikely to he approved by President

China slows drain on foreign exchange reserves

BY ROBERT THOMSON IN PEKING CHINA appears to have re-

gained control over its falling foreign exchange reserves, despite generally gloomy predictions to the contrary by diplo-matic observers. The country is still plagued, however, by an inability to generate export income.

Long overdue reserve figures for the second quarter of this year were released late last week, showing that China had foreign exchange of \$10.852bn (£7.67bn) as at the end of June, down from \$11.3bn at the end of March.
Diplomats had made dire pre-

dictions for the reserve figure after it had plunged from \$16.3bn at the beginning of October last year, with a flood of imported consumer goods and a rush of contract signings

a rush of contract signings mainly responsible for the slump. (Most diplomats had estimated the June figure at between \$7hn and \$10bn.)

The flow has apparently been stemmed by tough Government controls imposed on the use of foreign exchange. The measures range from an import results. range from an import regula-tory tax which increased duties 80 per cent on some foreign goods, including cars, to a change in technology purchas-ing laws, forcing local authori-ties to get central approval

Zhao Ziyang, the Chinese Premier, expects to meet Mr Yasubiro Nakasone, the Yasubiro Nakasone, the Japanese Prime Minister, at the UN this week, reports our

Peking Correspondent.

Relations hetween the countries have become strained by Chinese worries. over Japanese trade policy and what Peking sees as a possible revival in Japanese militarism.

before contracts for technology imports could be finalised The officials said most economists considered a two months import cover to be healthy but China could safely have only. month's cover because it has a centrally planned economy and could rein in spending when

necessary. However, State Councilor Ga Mu, who has been instruments in the development of the open door policy, said last week that China will continue to exercise stringent controls over "reck less imports" of motor vehicles and consumer goods. China is on the way to record

ing a large trade deficit this year, with a first half deficit ranging from \$3.2bm to \$6.5bm, depending on which department is believed.

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USSR bank to suspend Beirut activities

THE state-owned Moscow Narodny bank is to suspend its activities in Lebanon indefinitely. Mr Vladimir Tutinkov. the managing director, said yesterday, Reuter reports from Beirut.

Consular secretary

Arkady Katkov was found shot dead two days later, promptine Moscow to evacuate about half

"We are freezing operations some time in November. I don't know for how long," Mr

Tutinkov said but gave no The suspension follows the abduction of four Soviet embassy officials in mainly Moslem west Beirut on Sep-tember 30.

the 150-strong Soviet com-munity here. The Soviet munity here. The Soviet embassy, cultural centre and Moscow Narodny bank were placed under heavy guard. • Christian and Moslem militiamen battled with machine guns and rocket-propelled grenades across Beirut's green line vesterday, ending two days of calm that began when Presi dent Amin Gemayel endarsed a n to end the 10-year-old civil war.

protesters

Reagan's "continuing commit-ment to close U.S.-Egyptian relations and his hope that we TWO people were killed yesterday when police opened fire during Manila's worst street protests against the rule of Philippine's President Ferdinand Marcos in two years, protest leaders said, Reuter reports.

the city centre wounded, they said.

the U.S. interception of the Egypt Air aircraft as "air piracy" and has demanded a public apology. President Meanwhile, Mr Marcos yes-terday said his Government public apology. President Reagan refused to give such an apology, but Mr Whitehead's visit, to seek reconciliation indi-cates the depth of American concern about the rift in its relations with Egypt, a key Middle East ally and the only vould advance the peace proess and not simply be an end
a itself.

There has also been disagreement about the names of

U.S. action. It has felt humili-

u.s. action. It has felt humiliated in the eyes of its own citizens, and before the Arab world. Its discomfort has been compounded by a number of anti-American demonstrations on university campuses which have involved criticism of Mr. Wubrack himself. Muldoon faces

uncertainty

The Tehran Times reported yesterday that possibly half of the 24 designated ministers, which are
generally regarded as containing those from the reformist wing of the Islamic
Revolution are pullfully to

sterday said its warplanes again hit Iran's Kharg Island oil terminal in the Gulf.

Reagan to risk rebuff over arms sale to Jordan

Jordan up to \$1.9bn (£1.5bn) is genuine. The weapons, thus, worth of sophisticated U.S. weapons, at the risk of a security.

Serious foreign policy rebuff from Capitol Hill.

Hearings on the annual to sell his desire for peace with Israel is genuine. The weapons, thus, constitute a threat to Israel's security.

The arms package would include 40 advanced fighters,

weapons, at the risk of a security. The arms package would infrom Capitol Hill.

Hearings on the arms sale over the last few weks have underlined the intensity of opposition the edal faces in the traditionally pro-Israeli Congress. Senator Richard Lugar. chairman of the Senate Foreign Relations Committee. has said that Mr Reagan must scale back the package to avoid virtually certain defeat in the virtually certain defeat in the

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The Administration how-ever, has not wavered in its argument that King Husseln vitally needs the new weapons to defend his country at a time when he is taking the major political risk of moving to-wards peace talks with Israel. Apart from Jordan's defence requirements, the Administra-tion also believes the King should be rewarded for his peace efforts, so as to show to other Arab countries that moderate, pro-Western policies can

bring positive results.
Congressional opponents of the deal, however, say that the

PRESIDENT Ronald Reagan King has not yet gone nearly yesterday planned to notify far enough to demonstrate that Congress of his intent to sell his desire for peace with Israel Jordan up to \$1.9bn (£1.5bn) is genuine. The weapons, thus,

The sale would go shead within 30 days of Congressional notification, unless defeated in both houses by a simple majority vote. Mr Reagan could then veto such legislation; but Congress could over-ride his veto by two thirds majorities in both houses.

With defeat looming in the Democrat-controlled House of Representatives, Mr Lugar is urging Mr Reagan to modify the deal if he wants to save it in the Republican-led Senate, He is calling for discussions "to find out if there is a way King Hussein's defence needs can be met and at the same time the security of Israel guaranteed."

The search for a Middle East

Ann Charters in Sao Paulo describes the restoration of a unique British-built Victorian venture Fresh head of steam for Brazil's historic railway

PERCHED ON the edge of mountains that separate the port of Santos from the sprawlway was inaugurated in 1867, Paranapiacaba ("from where port of Santos from the sprawling megolopolis of greater Sao Paulo, sits Paranapiacaba— a desolate, yet perfect Victorian town built in the middle of the last century by English rallroad entrepreneurs. The village of 2,500 inhabitants is to this day, best reached by railroad despite its location only 48 km from Sao Paulo. It has been in decline, however, since the 115-year-old-finicular railway built with English capital and engineers was put Paranapiacaba ("from where you can see the sea" in a local Indian language) was home to 5,000 people while the provincial capital, Sao Paulo, had 30,000. Today, the capital's population approaches 10m.

The second funicular railway system, inaugurated in 1901 and still standing, was built to keep up with rapidly increasing freight traffic. This unusual railroad was constructed over five inclines with a single rotating cable operating on each

capital and engineers was put out of action three years ago. In August the federeal rail-road company (RFFSA) the mountains, little steam brake engines grabbed the cable with steam clamps and tucked the 5.5 inch cable into the underside of the engine. Underground steam engines generated the power to pull each cable and with it the brake engine and its normal freight of five loaded cars. Between the inclines, the brake engine hauled the wagons under its own power. road company (RFFSA) amounced it would spend Cr 5bn (£518,000) to restore railroad buildings and the uppermost stage of the railway that originally climbed 10 km of mountainous terrain to 800m above sea level. The expenditure will be a first step in the preservation of one of the world's most unique examples

of railway engineering. The site has special historical significance for Brazil. The railroad linked the then province of Sao Paulo's vast interior coffee producing plains for export markets overseas.

The train transformed the history of the region into the descending passengers and fewer cargoes. history of the region into one of economic progress and prosperity, catapulting the Sao Paulo area from its isolation

into its status today as "engine"

of the country's economy.

and fourth ranking in commer-cial importance behind Rio de Janeiro, Bahia and Pernambuco

rotating cable operating on each of them. To move up or down the mountains, little steam

under its own power. At each landing between the five inclines, a machine house used steam from nearby boilers and two 8 metre wide fly wheels to drive the cable around its interminable circuit, pulling up imported cargoes balanced with

fewer cargoes.

In the early days, the freight interior.

hauled increased from 26,114
took the Brazilian baron of Maua, Sr Irineu Evangelista de Souza, and the British tons of merchandise and 1,051,812 passengers in 1901.

Today, Sao Paulo exports from the Brazilian Imperial more than it imports, through

volume of incoming manufactured goods and staples so far outweighed exports that water ballast was used in descending railroad cars to offset the heavy invested demands of the imports in struction.

Those who put the railroad into operation relied on early, but failed, plans of a Prussian resident of Santos who foresaw the profitability of conquering the mountain barrier between the coast and Brazil's rich interior.

years. The court and the province of Sao Paulo agreed to pay 7 per cent interest on money invested in the railroad con-

The Sao Paulo Railway Company, set up in London in 1860 with the still-considerable sum of £2m, broke ground for the railroad in Brazil under the guidance of an engineer, David Mackinson Fox. This was only 33 years after the world's first steam powered locomotive made its

debut in England. The construction took £2.65m and seven years for the crew of 5,000 labourers to work its way up the mountainous

terrain. They tunnelled 13 times, put into place 4,000 tons of imported steel and built 16 bridges to reach the edge of the high plain, completing the most difficult segment of the

Santos to Jundiai railroad.

The railroad route, stretching 139 km from the coast, is still used today for suburban

1946. According to some half-hour journey from Sao accounts, the English-controlled Paulo's red brick Victorian company, realising it controlled station to Paranapiacaba. a bottleneck to Sao Paulo's As one railroad worker, son exports and imports which of an early resident, said: permitted lucrative freight "Paranapiacaba has to be charges, so declined to expand. preserved. So much force and

as an English town waned. The hefty expenditure from begun in August, does not include restoration of the village with its 370 wooden homes, community buildings or the impos-ing chief engineer's house, nicknamed the Castelinho (little castle). It was from this house that the Englishman in charge had an unobstructed view over the railroad yard and town. In an action all too rare in

Brazil, a voluntary group of engineers and architects from the nearby city of Santo Andre formed a committee three years ago to stop the deterioration of the village and to promote

They are worried, however, that when the federal railroad company sells the houses to their present occupants, for the most part railroad workers with little income for restoration, the situation will become even more precarious. Landmark status has been petitioned, but not yet

ing 139 km from the coast, is still used today for suburban train services and a rack-and-pinion freight train.

The Sao Paulo Railway Company was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the one-said and a recompany was nationalised in the star for the said and a recompany was nationalised in the star for the said and a recompany was nationalised in the star for the said and a recompany was nationalised in the said and a recompany was nationally and a recompany was nationa

As one railroad worker, son of an early resident, said: "Paranapiacaba has to be Once the English left, interest energy was expended here."

Sarney plans more active foreign policy

BY ANDREW WHITLEY IN RIO DE JANERIO

BRAZIL intends to adopt a a very optimistic report from more active role in inter-national affairs in defence of its "legitimate interests," President Jose Sarney said in a wide-ranging interview with the

For a long time our foreign policy was in hibernation be-cause of the gap between our language abroad and what we practised internally," the Brazi-lian civilian leader declared, intimating that Brazil had not put its democratic principles into practice during the re-cently ended two decades of

military-led rule. This, he claimed, had now changed. Sr Sarney said he had given instructions to Brazilian diplomats to speak with a firmer voice abroad. "Our goal is no longer to be a passive sub-ject, in matters which affect our vital interests," he said.

Under his seven-month-old civilian Government Brazil's position on its foreign debt and position on its foreign debt and International Monetary Fund negotiations has noticeably hardened. In addition, Brazil and India have taken the lead in opposing the demands of western industrialised countries that services be included in the

Minister, had not brought back

the recent annual meeting in Seoul.

Brazilian officials had travelled to Seoul causiously hopeful of a breakthrough in the current impasse over the country's debt pay negotiations, following the recent declaration in New York by the Big Five industrialised countries in favour of a more flexible approach to the debt issue.

These hopes appear to have

foundered on the hard-nosed resistance of creditor banks to any rescheduling not accom-penied by an IMF agreement.

 President Samey nevertheles: painted an optimistic picture of recent trends in the Brazilian economy. He said domestic interest rates and unemploy-ment are both down, industry was growing at an annual rate of 15 per cent, and even infla-tion "was not as bad as had been feared" at the start of his mandate in March.

"All these signs indicate a return to normalisation, and confidence, including abroad, in our capacity to meet our obligations," said Sr Sarney.

The Government is in the final stages of preparing a forthcoming round of international trade negotiations.

On the country's protracted negotiations with the IMF. President Sarney said that Sr Dilson Funarothe, Finance Minister, had not brought had said.

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Pan Am. You Can't Beat The Experience:

Ortega launches stinging attack against U.S.

BY TIM COONE IN MANAGUA

NICARAGUAN President Daniel Ortega has called upon the U.S. to normalise relations with Nicaragua and "to conform with the principles of interna-tional law."

In a speech to the General Assembly of the United Nations yesterday, President Ortega made a stinging attack on the Reagan Administration for what he described as its policy of "state terrorism" against Nicaragua. He also made an appeal for "an urgent con-certed action of international confront Nicaragua's critical economic

Sr Ortega said the continua-tion of the U.S.-financed war had made it impossible for Nicaragua to maintain its foreign debt service obligations. The war he said "not only limits but has eliminated our capacity

He called for "decisive support from the countries with which Nicaragua has bilateral financial relations" and said that a "change of attitude" was needed by Nicaragua's creditor institutions. Sr Ortega said that in the

past five years Nicaragua had made \$621m (£440m) in debt service payments, equivalent to almost two years' export earn-

President Ortega blamed the Reagan Administration for being the principal obstacle to the Contadora peace efforts in Central America and said it was the U.S. backed war which had blatch blad blatch blacked war which had obliged Nicaragua to reimpose a state of emergency last week.

Government officials have been at pains to argue that the measures are aimed solely "at tying the hands" of the CIA and neonle linked to counterpeople linked to counter-revolutionaries trying to de-stabilise the Government.

Venezuela seeks to amend debt rescheduling terms

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

It has asked the committee of leading creditor banks which negotiated the deal to consider changes that would guarantee concessions in the event either of better terms being offered to other countries or of Venezuela facing economic difficulties through circumstances carried its control.

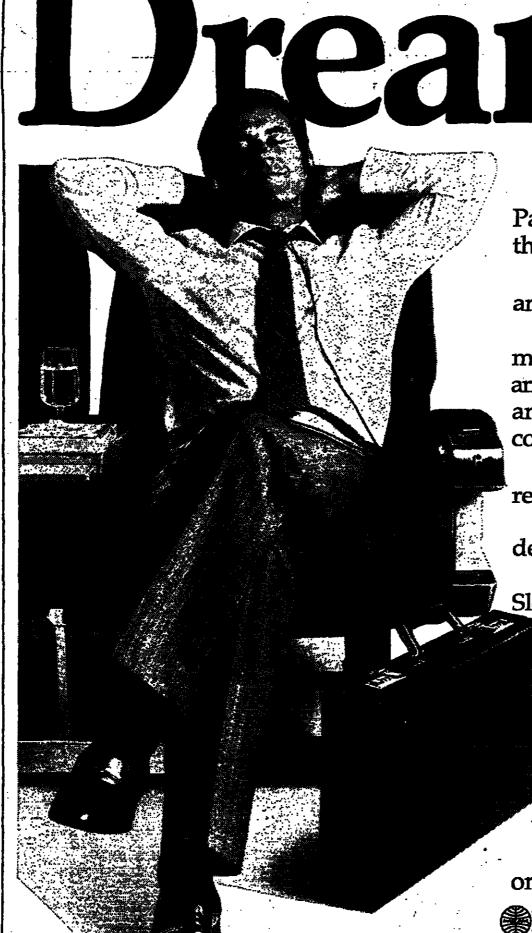
VENEZUELA is seeking to amend the terms of its \$21.2hn (£15bn) debt rescheduling to make it more flexible and adaptable to changing circumstances.

It has asked the committee circum repayment of \$950m the earthquakes that

cipal repayment of assume because of the earthquakes that struck Mexico City in late August.

Venezuela would like to be able to make similar changes without putting the whole agreement in jeopardy if, for example, it faced a sudden drop in all prices or like in interest. stances outside its control.

The committee, chaired by chase Manhattan of the U.S., will meet to consider the proposals later this week but is controls stances or hike in interest rates. Similarly it would like the proposals later this week but is countries such as the capitalisposals later this week but is countries such as the capit thought unlikely to give a firm ation of interest payments.



Alaska and the North Sea.

BP's South East Asian income over the rest of the decade is likely to be about \$1bn, so the

a higher standard while they

themselves receive limited benefits from sales abroad." An enterprise's success is judged by gross output in accordance

The Foreign Trade ministry's

present structure is suited to the sale of bulk commodities

such as wheat and oil. But it

goods or effectively to employ

with plan target.

Moscow set to modify trade monopoly

to modify the monopoly control of the ministry over some \$40bn (£28.5bn) of imports and

Mr Boris Aristov, successor to Mr Patolichev, was formerly the Deputy Foreign Minister and Ambassador to Poland. He will look at plans for the dilution of the Foreign Trade Ministry's control of commerministry's control of commercial relations with foreign countries, though foreign leader, said in June that Soviet dubious shout the absence dubious about the chances of radical reform.

on developing its South-East area.

Asian operations over the rest

of the decade, Mr Bryan

Sanderson, chairman of BP

THE RESIGNATION of Mr imposes bureaucratic obstacles
Nikolai Patolichev, 77, the on the efficient and speedy use to bring Soviet organisations
Soviet Foreign Trade Minister, of imports. "A Soviet end-user and the Foreign Trade Minister, of a foreign product often Ministry's "client organisations to because they have to produce to Imports, worth about \$19km." spends a year longer than he should getting what he wants," a Western businessman in

> Soviet exports consist primarily of commodities, and some \$15bn or 70 per cent of the hard currency earnings comes from the sale of oil and

> Manufactured exports to the pete in the world market "It is essential to improve

The Foreign Trade Ministry substantially the whole system has been heavily criticised of incentives for enterprises to over the way in which it produce for export markets."

gas exploration and develop-ment in Indonesia, Thailand and

About 80 per cent of the costs of future discoveries, expenditure will fund oil and The figures also do

Singapore, said yesterday.

This would involve annual

BP has had a series of oil the group—in which 13 dry discoveries in Indonesia and is three times greater than in also planning to spend up to recent years, Mr Sanderson \$300m on developing its half "We are looking to expand great majority of the expansion added. But the sums do not share in the Sulawesi gas field our coverage generally in South can be financed internally by

BRITISH PETROLEUM plans include any acquisitions which in Malaysia, to spend at least \$1.3bn (£920m) BP might want to make in the But the \$

tions" into more direct contact with foreign suppliers and

Under this scheme, still at an

early stage, three of the Foreign Trade Ministry's organisations would be hived off to ministries directly involved in the use of imports or the production of exports. represents a large bureaucratic obstacle to organisations wish-ing to export manufactured Aftoexport, the foreign trade

organisation in charge of the export of motor vehicles, notably the Lada car, would become part of the Auotomobile imported technology.

Industry Ministry. The car A system of joint en plant at Togliattigrad would thus be more involved with

A system of joint committees of representatives from indus-trial organisations and experts from the foreign trade organis-At the moment, according to ations, introduced in 1978, has

BP plans to spend \$1.3bn developing S E Asian operations

Imports, worth about \$19km last year, are equally divided between food, machinery and intermediate goods for industrial plants. Machinery imports are often reported to be underused and in some cases, not even unpacked.

The present priority given by Mr Gorbachev to the re-equipment of existing plant is leading many foreign companies to prepare returbishment packages for the factories they built in the past or supplied with equipment.

More modern machinery for



Mr Mikhail Gorbachev

tained in the next Five Year Plan running from 1986 to 1990.

More modern machinery for factories in the main industrial 1960s has taken place without centres is promised in the investment arrangements con-

Brazil company signs \$400m countetrade pact with Peru

BY ANDREW WHITLEY IN RIO DE JANERIO

Littancian Junes Saturdal, October 12, 1200

Signed in secret three weeks ago, the agreement is likely to prove of immense benefit to the new Peruvian Government of President Alan Garcia, struggling to cope with the combined effects of heavy debt payments. low commodity prices and almost non-existent foreign exchange reserves.

exchange reserves.

Modelled on the successful Brazil - Nigeria countertrade deal, about to enter its second year, the Peruvian agreement involves the import by Brazil of non-ferrous metals—copper. silver and zinc—and other non-trivial conferrous denders of the conference of the co

in Malaysia.

But the \$1.3bn does not take to mining for minerals," Mr area.

into account any development costs of future discoveries.

The figures also do not the new investments following the exploration programme— development of oil fields in the country like Singapore can get trampled under foot as there is a danger of tarring all Eastern countries with the Japanese brush."

The figures also do not take to mining for minerals," Mr The U.S. "blunders around shooting first and asking questions later," Mr Pang Hwang, in an always of Singapore's can get trampled under foot as there is a danger of tarring all Eastern countries with the Japanese brush."

Mr Hwang referred to the recent U.S. claims that Singapore can get trampled under foot as there is a danger of tarring all Eastern countries with the Japanese brush."

Mr Hwang referred to the recent U.S. claims that Singapore can get trampled under foot as there is a danger of tarring all Eastern countries with the Japanese brush." with spare parts, tyres, mining equipment, foodstuffs and recent U.S. claims that Singa-pore was unfairly subsidising its industrial raw materials

Banking arrangements involve

ing the setting-up of an escrow account in a third country-are

of the year.

According to Sen Roberto
Fonseca, vice-president of
Cotia, the Peruvian agreement
will be open-ended, subject to
an annual progress review by
both governments, on the lines

575m in 1984, mostly of copper
and zinc.

Increased imports from Peru
are likely to be at the expense
of Chile and Zaire, in the case
of copper, and Canada and

COTIA, the leading Brazilian of the Nigerian pact.

trading company, has signed a \$400m (£235m) countertrade agreement with Peru which will transform the previously negligible trade flow between the two Latin American neighbours.

of the Nigerian pact.

Brazil and Peru, which share a 3,000 km frontier, in the western American jungle, have for reasons of geography and history had very little trades together—despite the plons. history had very little trade together—despite the plan-intentions stated in regiment co-operation pacts to which beth

belong.
Only one dirt road links the two countries, while river traffic along the Soliman River, the major headstream of the Amazon, to Iquitos capital of the Peruvian eastern jungle region—has barely scratched the potential.

One intriguing aspect of the recently-signed agreement is thus the provision for the export of Peruvian oil, mostly produced in the Iquitos region. to neighbouring regions of Brazil. Until now—in defizance of

traditional manufactured goods
and a small quantity of oil.

In return, Cotia, acting to transport all its oil across for other Brazilian companies. at a time when the adjacent will supply cash-straitened Peru Brazilian state of Acra has frequently faced across the state of Acras has been stated as the state of Acras has been stated across the sta at a time when the adjacent Brazilian state of Acre has frequently faced acute fail shortages due to its immense distance from Brazil's malor off refineries centres.

Peru is currently responsible currently being finalised, and for little more than 10 per can the agreement is expected to of Brazil's non-ferrous metal the agreement is expected to of Brazil's non-ferrous metal come into force before the end ore imports, which totalied of the year.

AMX tactical fighter makes debut today

BY ANDREW WHITLEY

THE PRIDE of the fast-growing on official cover for military Brazilian Defence industry, the exports AMX tactical fighter aircraft, will be officially rolled out today

The AMX, a joint project with Aeritalia and Aermacchi of Italy, is a subsonic fighter powered by a Rolls-Royce Spey Mark 807 engine. Embraer, the Brazilian state aircraft manufacturer, has a 80 per cent share in the ambitious project and will assemble an initial batch of 79 aircraft for the Brazilian

One major obstacle until re-cently in the way of the Brazilian AMX was Britain's refusal to provide official export credit cover to Brazil for the Rolls-Royce engines. This has been largely removed, however, folofficial to Embraer.

The British Treasury, fearful of the loss of potential orders valued at several hundred million pounds, is reported to have given the AMX engines special exemption from the usual ban

Brazilian officials had made

representations to London for in Sao Jose dos Campos before months over the serious conse-President Jose Sarney and a quences of any further delay in large crowd of spectators. the joint project, which is run-ning about 18 manths behind schedule.

ECGD cover is still ham-pered however by the blanket ban on medium-term cover for Brazil which remains in force

until the Sarney Government reaches a fresh agreement with the IMF, likely to be a long

way off.
To promote the new fighter aircraft—the first example of collaboration in such a sophisticated field between a Nata member and a developing country—the three partners yesterday established

marketing company in London. The composition of the new company, AMX International, reflects that of the overall project: 46 per cent for Aeritalia 30 per cent for Embraer, and 24 per cent for Aermacchi. Initially the company will con-centrate on promoting the air craft in third countries.



A Netherlines Jetsiream 31 files over the outskirts of Amstedam. Netherlines recently ordered two more of the aircraft, bringing its fleet to eight, making it Europe largest operator of thealreraft.

British commuter aircraft success

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

enjoying, especially in the North American market Earlier this month, Sunbird

Airlines of Charlotte, North Carolina, ordered five Jetstream 31s, bringing to 85 the total orders from U.S. operators, of which 53 have been ordered over the past two years alone.
Together with UK orders for
14 aircraft and 15 from other countries, the total Jetstream 21 order book stands at 94 aircraft, of which 61 have been delivered so far. Several further orders are in the pipeline.

British Aerospace based its design to missing production as decision to raise production not only on this current success with the aircraft, but also on market forecasts. It believes that up to the end of the cen-tury, the total world market for small corporate and commuter

airliners of the Jetstream 31 type could amount to over 5,000 aircraft. It hopes to win "several hun-dreds" out of that total, many of the sales being expected in the U.S.

The expansion in production will result in a further modest growth in jobs at the company's factory in Prestwick, Scotland, where BAe already employs about 2,120 people.

The company's investment in the venture now stands at over transport and £80m. Export sales for 1985 charter market.

THE RECENT decision by will account for slightly moss British Aerospace to raise the production rate of twin turbo-propeller Jestiream 31 airliners rising further thereafter. Home sales this year will account for slightly moss than that, and exports in 1986 from 36 to 48 aircraft a year has highlighted the steady success this small 19-seater is now enjoying, especially in the The secret of the Jeistream

its success lies primarily in its size. It has found a niche in the highly competitive U.S. commuter airliner market with its 19 seats, a size that under U.S. law does not require an in-flight cabin attendant, there by reducing operators' cos The quiet and fuel-efficient American Garrett Airesearch. TPE-331 turbo-prop engines have helped the Jetstream 31 to

succeed against competition from two U.S. makers, Beech. and Swearingen. Much of the Jetstream 31's

market is being found in the growing U.S. regional "hub and spoke" airline system, where small airliners are used to feed traffic in from outlying com-munities to bigger airports for connections to mainline ser-The possibility of eventually

developing a larger partner int. the Jetsiream 31, the 2427 passenger Type 41, has been under study for some time, but no decision has yet been taken.
At present, the Jetstream II is available in three versions.

the 19-seat airliner model, the best-selling version; a corporate executive version with a 10-cent luxury cabin; and an "executive shuttle" model for interests transport and the business

AT LEAST WE'VE BEEN HELP MAKE CAMBRIDGE'S ECONOMIC CLIMATE MORE LIKE CALIFORNIA'S.

For long just a seat of learning, Cambridge is now a hot bed of entrepreneurial spirit, too.

trial development in Singapore, we were innocent of Mr Hwang said: "A small charge," Mr Hwang added.

Porsches vie with Raleighs for parking spaces. New boutiques stand side by side with traditional college outfitters.

And fashionable wine bars are gradually taking over from ye olde tea shoppes.

This new found confidence (and wealth) comes

from high technology Indeed, despite its weather, many reports now compare Cambridge with California's 'silicon valley.'

Ten years ago, however, there was little sign of what has become known as 'The Cambridge Phenomenon.

And most banks concerned themselves with students and farmers rather than scientists and

Fortunately, our managers took a rather more enlightened approach.

It was they who had the foresight to recognise the potential of emerging high tech companies and set about helping them grow.

As well as money, we lent them our support, our advice and our contacts.

We introduced those with the new technologies to those with more established skills-in accountancy, finance, law, patents and exporting.

And helped turn good ideas into sound business

Since then over 300 new companies have emerged in the fields of computer software and hardware, biotechnology, scientific instruments, and computer aided design.

At the same time, we've become by far the most important high tech bank in one of Britain's most important high tech centres. Our approach to Cambridge is one we've now

adopted throughout Britain. Over the past two years, for example, we've set

up 54 nominated high tech branches around the country. Many of which are sited close to major universities and research centres. And each of which has managers with extensive

training, expertise and contacts in the world of high They can also call on a specialist unit at Head

Office, able to assess new ideas and markets. (With over 1,000 such exercises under its belt, this unit is the most experienced in Britain.)

As part of our overall support for the industry, we have also set up science parks, and funded research groups in computing, robotics and biotechnology.

All of which has now made us the leading high tech bankers in the country.

So, if you're involved in high technology and need any advice or help, talk to us first. After all, we did graduate from Cambridge.

BARCLAYS

For the address of your nearest high tech branch phone Jeremy Lasman on 01-626 1567 extn. 4066, or write to him at the High Tech Team, 54 Lombard Street, London EC3P 3AH.

Treasury hopes consumers will sustain recovery

to general slowdown in world trade. The Treasury, however,

world economic growth and

The main reason for the Government's confidence is the expectation of another con-

sumer spending spree.
There are no signs that the annual growth in average earn-

ings is slowing from the present 7½ per cent, but the Treasury expects annual inflation to fall

below 4 per cent by mid-1986. That combination should give

work, which the Chancellor hopes to add to through tax cuts

BY PHILIP STEPHENS

THE GOVERNMENT is relying widely expected to level off after on a large increase in consumer

on a large increase in consumer spending, triggered by bouyant earnings, falling inflation and tax cuts, to sustain the economic recovery in 1986.

The Treasury is still in the process of finalising its latest forecasts for the economic outlook, which are due to be published in next month's Autumn Statement.

The expectation in Whitehall.

Statement.

The expectation in Whitehall, however, is that its growth forecast for the whole of 1986 will remain close to the 2½ per cent annual rate originally expected for the first half of the year. At the same time the 3½ per cent projection for 1985 may be revised upwards slightly. The Treasury, however, appears to be slightly more optimistic than some outside economists on the prospects for

This year's figure, however, has been pushed up by the bounce back in the economy after the end of the miners' strike. Most outside economists are predicting a sharp slowdown in the economy next year, with exports and investment faltering.

North Sea oil production which has added an average of about a ‡ percentage point to the growth rate in each of the the growth rate in each of the last few years, is likely to have a neutral or perhaps slightly negative impact in 1986. The consensus among City economists suggests overall economic growth of only 2 per cent in 1986.

Mr. Nigel Lawson, the Chana sizeable boost to the dis-possible income of those in

in his spring Budget.

The Treasury does not traditionally publish any fore-Mr Nigel Lawson, the Chancellor, acknowledged the expected change in the comcast for unemployment in the Autumn Statement and in position of the recovery in his speech at the Mansion House last week, but said that outside forecasters were too pessimistic:

recent speeches Mr Lawson has been circumspect on the pros-pects for a lasting reversal of the continuing upward trend in He said the growth rates of investment and exports may the jobless total. What the Government is likely to argue, however, is that since the expected slowdown in economic growth is likely to be slow but that other components of demand, notably private sector consumption, may con-tribute more to the economy's

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expansion.

Private sector investment, which received a boost from tax changes in the 1984 Budget, is concentrated in the North Sea concentrated in the Nort

Mr John Thomas

plenty of second-hand homes market. available while elsewhere there The

housing market spokesman of ing property."

account

housing market.

BY JAMES MCDONALD

come from increased sales of services, publications, co-opera-tive ventures with the private sector and from donations, the

library says in its five-year stra-

tegic plan, published yesterday.

not to charge for admission to

"but we shall examine the scope for charging for premium

services which make heavy de-

mands on staff time," says the

by 5 per cent a year the propor-

tion of its income earned from sale of services but it depends on the Government maintaining

its level of funding in real

"We do not expect preferen-

tially favourable financial treat-ment from the Government should these initiatives yield

less than the 5 per cent annual growth in earned income,"

rites Sir Fred Dainton, chair-

man of the British Library

Board, in a foreword to the

"Conversely if the library

secures more than 5 per cent growth it must not be penalised

The library aims to increase

the reading rooms at prese

report.

It has been decided, however.

Unscrupulous estate agents

UNSCRUPULOUS estate agents where potential sellers tend to UNSCRUPCIOUS estate agents where potential sellers tend to have pushed up house prices put their properties with more in some areas by competing than one agency. "Unscrufor business without taking pulous agents compete to secure sellers" best interests into instructions, without regard for

the Royal Institution of In its survey of 234 estate chartered Surveyors, said yesterday.

House prices have generally house prices, 99 indicated an shown little increase in the past average increase of 2 per cent and 12 proceeds of 2 per cent and 12 per cen

three months, though buying and 12 recorded rises of up to activity has risen, the RICS 5 per cent. East Anglia, how-

aid in its latest survey of the ever, showed a more definite tousing market.

Agents in some areas had ported increases and a lively

was a shortage. But "on one buyers were particularly active. point, agents seem to be in with pre-war terraced and new

ber of properties with grossly lower interest rates and new inflated asking prices," said Mr ample supply of nortenase entage.

This was especially prevelent but the full effect of the cut in

in places with several agencies, mortgage rates had still to be notably in southern England, felt.

A LARGER PART of the grant-in-aid for that would be a British Library's income should major disincentive to self-help.

British Library to boost

income by more sales

best interests of

The RICS said first-time

grant-in-aid for that would be a major disincentive to self-help. What the library does seek is guaranteed, stable, level funding in real terms."

The plan confirms the library's commitment to the programme for the new building at St Pancras in London and to a comprehensive national research collection.

and to a comprehensive national research collection, while developing wider services

Features of the plan include:

the development of better ser-vices to sectors such as science

and technology a commitment to new technology as a means

of improving services; and a new on-line bibliographic

need to develop coherent national policies for the collec-

tion of non-book materials, such as electronic publications,

films, sound recordings, slides and videos.

There will be wider market-ing of the library's services, with the appointment of a cor-

Advancing with Knowledge: The British Library Strategic Plan 1985-1990. British Library

Publications Sales Unit, Boston

porate marketing manager.

The plan also stresses the

which can generate revenue.

'inflating house prices'

help boost **Ulster** image

> THE SUMITOMO Trust and Northern Ireland Industrial Development Board yesterday signed a co-operation agree-ment designed to bring further Japanese manufactur-

Sumitomo to

next April when tax allowances on capital expenditure will fall from 50 to 25 per cent. In the initial three months of the year, ing inv province. however, there could well be an investment boom as com-panies rush to beat the tax deadline. The IDB said the bank had agreed to act as an adviser to Japanese companies which to Japanese companies which were investigating mann-facturing opportunities in the EEC. The Service would include professional guidance on Northern Ireland's financial incentives and industrial practices. At the same time, exports, which rose by an annual rate of about 10 per cent in the first half of this year, are forecast to grow at a much slower pace in response to sterling's rise since the beginning of this year and

IDB officials see this as significant step forward in efforts to attract Far East investment. The first Japanese company to locate in Ulster has recently begun production of disposable cigarette lighters. lighters.

Sumitomo's agreement to act on behalf of the IDB follows study by a five-man team of the opportunities presented by the province.

Mr Haroichl Nishiyama, senior managing director (overseas) of Sumitomo, said overseas) of Sumitomo, said workers in Northern Iteland displayed attitudes which aligned with Japanese management philosophy. The sindy team was impressed by their ability to apply existing skills to high technology industries.

The agreement is a long term one which the IDB believes will lead to joint ventures and licensing accords as well as strengthening Northern Ireland's chances of securing direct investments.

Edgley's brief flight ends in receivership, Lynton Mclain reports Aircraft maker's dream venture grounded

February.

Three months later, the com-pany suffered one of the worst problems a new aircraft manu-facturing company could have. The first Optica to be sold crashed on its first day of duty. May 15. It had been delievered the previous day to the company's first customer, Air Foyle, of Luton, and was chartered to the Hampshire police for observation trials. Two policemen were killed.

for a total order book of about fill-6m.

Ell-6m.

Mr Christopher Barlow—one of the two accountants from Cork Gulley, appointed by Lloyds Bank, Edgley Aircraft's banker, as receivers — said about 46 aircraft were in various stages of manufacture. the garden," he said soon after

These figures suggest that the company was building aircraft in the hope that customers with options for additional machines would convert these into firm

It is unusual for an aircraft manufacturer to proceed so far ahead of firm orders, given the high cost of shop-floor nigh cost of shop-floor production.

The Optica that crashed was

the first production aircraft sold by the company after an of Luton, and was chartered to the Hampshire police for observation trials. Two policemen were killed.

At the time of the crash, Edgley claimed to have orders for \$4\$ aircraft at £139,250 each, for a total order book of about the chairman and founder of the company. He is a civil engineer when the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley, the chairman and founder of the company. He is a civil engineer when the chairman are company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley, the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley, the chairman and founder of the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley, the chairman and founder of the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley, the chairman and founder of the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley the chairman and founder of the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley, the chairman and founder of the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley the chairman and founder of the company after an 11-year development, the prototype having been made at a house in Islington, London, The aircraft was the brain-child of Mr John Edgley the chairman and founder of the company are the prototype having been made at a h

during the next 10 years.

He forecast sales of 2,000 immediate future of the 27 Opticas to the civil market workers is likely to be decided

THE PLACING in receiver—
ship of Edgley Aaircraft, announced yesterday, follows a traumatic first eight months for the company. Its Optica observation aircraft received an airworthiness certificate in the hope that customers with Robert 1979.

"There are firm orders for 16 the airworthiness certificate had been granted. The protoducting an urgent review of the type Optica was taken in pieces to the Cranfield Institute of in a position to decide the short-term future on Tuesday (to-tis maiden flight in 1979.

There are firm orders for 16 the airworthiness certificate had been granted. The protoducting an urgent review of the type Optica was taken in pieces to the Cranfield Institute of in a position to decide the short-term future on Tuesday (to-tis maiden flight in 1979.

There are firm orders for 16 the airworthiness certificate to the Cranfield Institute of its maiden flight in 1979.

He forecast sales of 2,000 immediate future of the 27



Edgley's Optica performing its observatory role.

Cable television company calls creditors' meeting

BY RAYMOND SNODDY

which holds the cable television franchise for the London

It is the first of the new cable television frachdse holders to have such a meeting. The company, which was largely funded by Advent Tech-

nology and Electra Risk Capital, pany before today's meeting, was awarded the Wandsworth His aim is to set up a new comfranchise by the Cable pany to go ahead with the Authority, the body which regu-

SHAW CABLE, the company lates the cable television industry, in August.
It is believed that the com-Borough of Wandsworth, will pany has exhausted its initial hold a creditors meeting today. capital and has been unable to attract the investment needed to build the Wandsworth

system. Mr Jim Shaw, chairman of Shaw Cable, will put a plan for the reconstruction of the com-

"We believe in cable and Maxwell's British Cable Serplan to stay with it," Mr Shaw, vices has also applied for the a former sales director at Thames Television, said yester-

He declined to say how much Shaw Cable owed. He said the aim was for the new company to take on the financial obligations of the old.

At the end of September Shaw At the end of September Shaw by the slower than expected Cable applied for the South-development of cable in the UK

franchise to a new company will need the approval of the Cable Mr Shaw believes his plan to offer management services to a number of cable operators is still valld, but it has been hit **Dublin fury** over RUC 'criticisms'

THE BRITISH Ambassador to THE BRITISH Ambassador to Ireland, Sir Alan Goodison, was summoned to the Irish Department of Foreign Affairs yesterday after reports that the Chief Constable of the Royal Ulster Constbulary had criticised Irish policy on terrorism in a speech in the U.S.

The Irish Times, quoting reports by two U.S. journalists, said Sir John Hermon, RUC chief, had told a seminar at a conference of the International Association of Chiefs of Police

Association of Chiefs of Police in Houston last week that a drugs problem in the South had forced the gardai (police) to reduce its campaign against ter-

He reportedly complained of the "lack of priority" given to terrorist problems by the Dublin government and said "terrorists were able to live in safe houses yards from the

The Department of Foreign Affairs called the remarks "plainly so untrue as to be beneath the requirements of refutation." Sir Alan was informed of the Government's concern on the instructions of Mr Peter Barry, the Irish Foreign Minister.

Senior-level relations between the gardai and the RUC have been strained for some time and this latest upset could further complicate the Anglo-Irish talks on Northern Ireland.

Irish Government and security sources said there was official amazement at both the tone and timing of Sir John's

A senior gardai specifically rejected one of Sir John's reported charges — that of 94 extradition requests made ampton franchise in the latest and the City's general lack of by the RUC to the Republic, franchising round. Mr Robert confidence in cable investment.

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Trust Bank — expanding business and improved profit performance

Dr Chris van Wyk, managing director of Trust Bank, and Richard Clowes, general manager offshore activities, talk to Richard Rolfe, London-based international editor of Finance Week of Johannesburg.

Rolfe: Your London branch has had deposit taking status since April 1984. Has the business there lived

Van Wyk: Overall it has surpassed our expectations. One approaches this as an investment designed to yield certain returns and come to fruition over a longer period than just one financial year. Clowes: Our initial activities, basic things like

foreign exchange, deposit dealing, financing international trade and documentary business gave us a first year of sound growth - we have not been pushing asset growth, but on the lending side the margins we are making are higher than we anticipated. Rolfe: Have you as a result been able to increase

your range of services and activities? Clowes: Yes - we have been delighted with the type and variety of business that has been offered to us. with some surprising opportunities, for a South African bank. Because of the success we have had in London we apprached our Hong Kong office from representative status into a fully operative Registered Deposit Taking Company as from I May 1985. This office will be much smaller in size than our London office and will be much more orientated towards trade financing business than treasury ac-

Rolfe: Do you foresee a major need in South Africa for foreign expitel inflows?

Van Wyk: Hopefully domestic savings performance will improve, but even so the need for developme capital, particularly public sector long term projects. indicates to me that South Africa will continue to require significant medium and long term capital which we must try and obtain from abroad. Hopefully once the dust had settled on the present standstill simution the sources from which we can obtain these funds will open again.

I don't think that we can quickly become selfsufficient in satisfying the needs for development capital and coce one has said that then I must say that I believe that the bank's off-shore operations will, in one way or another, be involved in assisting in this process.

Rolle: What have been the factors behind your improving profit performance?

Van Wyk: The growth of assets per employee is showing a very interesting progression. Over a three or four year period it outstrips the inflation rate and disclosed profits per employee show a similar trend. Total balance sheet footings have more than doubled over the last three years whereas our number of service points has not increased, so we are managing more assets, generating more profits and servicing more clients per rand spent on resources in

What have we done specifically? Well, first of all, we have set ourselves a strategic objective to increase productivity, defined as output per rand of input or per man by approximately 10% per annum. Improved profit performance must also be ascrib-

ed to the rapid growth of our business in our preferred market segments. The market is terribly competitive and conventional banking is not as profitable as it used to be. One has to push up fee earning business, which we have done, but looking five and ten years ahead profit improvement plans through better cost efficiencies, through better productivity and just better quality of how we do things will be as important in our total profit progression as just trying to go for higher volumes and wider inRolfe: Many oversees hanks have been disappointed with the returns from their investment in new technology. What has been your experience there? Van Wyk: If you want to drive technology successfully in your organisation, for really profitable returns, the one requirement is, that it must be driven from the top, with total commitment to the use of this very important resource. Deployment of technology in the business must be part of a totally integrated planning process in which you don't just look at technology and say well, "this is exciting". the disappointment in the use of technology. From our vantage point it does appear that, internationally, banks have been notoriously backward in introducing integrated planning processes in the whole technology business, even very sophisticated

If you have done your marketing strategy properly and your technology is directly focussed on customer needs, technology will generate profits, because it delivers a product for which there is a need and for which the market is prepared to pay. It may even do so in a delivery style where you can save some money without compromising on quality of service by driving it through the technology side.

You have to convince the line managers who drive the expansion of business and the making of profits that technology is an essential element in gain competitive advantage. So that's where it all has to start - just creating that culture in the organisation. We have a formal planning process which gives us the direct link between marketing objectives and strategies in the application of technology. But it is not just pushing a button - it means changing attitudes, culture and perceptions of people to harness technology in the marketing strategy.

I think TrustBank has gone through the full cycle and our experience these last few years has been very rewarding.
Rolle: How would you characterise the present

South African banking environment? Van Wyk: It is very dynamic at the moment. The

new Panks Act is in the process of being imnted. The Building Societies Act has not been passed through Parliament, but enough is known to realise that it will change the face of competition in the financial services industry. We have had the De-Kock Commission Report which introduces a lot of progressive thinking into how South Africa should manage its monetary policy. So there are major changes in the environment in which we will drive banking in South Africa in the future. The system is already fiercely competitive, but will

be characterised in future by the entry on a much bigger scale of non-bank financial institutions, such as the building societies. Beyond that, electronic



Dr Chris van Wyk

funds transfer at point of sale at supermarket tills might lead to systems of payment which ultimately supermarkets might sell to the banks, rather than the banks selling those systems of payment to supermarkets.

Another major issue is the capitalisation of banks in South Africa. There is much greater emphasis on a better capitalisation of banks and on pulling onto the balance sheet, for capital adequacy purposes, a lot of things which previously have not been there. This might impact on pricing margins in certain areas. Some margins might be fat in South Africa but in other areas they are Indicrously thin. I think we will have a re-positioning of pricing in the South African banking and financial services market. All this may impact on profit retention and dividend policy but I don't necessarily subscribe to the very gloomy views that some people are taking about likely earnings and dividend growth of banks in South Africa. Obviously dividend payout policies will have to be carefully evaluated, although I think sufficient phasing-in time for the new capital requirements will be given so as not to disrupt the banking industry.

The rising incidence of bad debts is worse than it has been for many years. Banks don't report specifically so we cannot say anything in percentage terms but the feedback one gets is that it is bad. Prospects are that it will become worse before it gets

Clowes: We have a problem in the corporate business market in this country in that there are far too many customers that see themselves as being entitled to prime rate. I think, particularly with the changes in the Banks Act and more capital being required for certain areas of business, that over a period we will see a change in this and that margins will become more realistic and reflect the actual risks involved and the returns that are expected.

Van Wyk: Yes, with the banks driving so much for size, pricing has got out of line with the rating, risk and statute of the customer. There will have to be a major re-think on the pricing issue.

Rolfe: Many companies have lost heavily in their foreign exchange transactions. Do you think this was the fault of the companies or their advisers? Van Wyk: Well, that is a very contentious issue and a lot of relationships have been soured.

Many large corporations, with competently staffed treasuries often drawn from the banking market, are the ones who insist that they will not be prescribed by their banks on how to look at their

Mr R. J. A. Clowes

risks. In fact, they fiercely resist and then frequently take umbrage at any kind of effort by their advisers to close out risk positions. So there is no way that the adviser can push the client into a decision, especially in the competitive environment we have in South Africa.

Of course, the advisers have also been wrong and certainly the advice they have given at certain moments in time and sometimes even for months on end had been incorrect advice, at least with the perfect science of hindsight. But this also enters the whole issue of responsibility. My own perception is that top management and a board of directors can never delegate totally the final responsibility for the decisions which are ultimately taken. The advisers will have to seek ways and means of communicating better. But I have difficulty in thinking of top management shrugging off the responsibility for these decisions and pushing it on to another party. Clowes: What has been unprecedented is the enormous decline in the value of the rand from a peak of US\$1,36 to the rand down to a low of US\$0,35 to the rand. A drop of that magnitude is just totally foreign to the experience of South African management. Coupled with that, interest rates in South Africa rose to very high levels - a prime rate of 25%. If one took the cheapest currencies in which to borrow, one was looking at interest differentials of close to 20%, which was a very attractive figure in the eyes of the people borrowing abroad or financing their imports in foreign currency. But how wrong they were.

Rolfe: You now have a powerful base to build upon. What next?

Van Wyk: Most important is really continuing to work on creating a very specific culture in our hank. To be really good in our business, we have to spend a lot of time on issues and integrating all the planning. But the other side is culture — driving hard to get a sharp management (ocus on the quality of support operations. That means not having to do things over, making fewer mistakes and not launching anything on the market before we have done proper research and testing.

Very important also is the single-minded implementation of our whole concept of relationship banking, with the focus on an on-going long term relationship of trust and of mutual benefit with our

Another development we foresee is further limited international expansion. We don't have any desire to just break like a wave over all the major international financial centres, but we are looking for a limited offshore business presence to give our customers a better service in most places of the globe where they will need it.

All this will go hand in hand with a continuing increase in market share, to get better economies out of the very expensive infrastructure in which we have

Clowes: Perhaps on the specifics, we will continue to expand heavily in the corporate area, which is very much tied in with the relationship banking concept. I think that as one gets larger in that field, it becomes easier to do some of the things or make some of the breakthroughs that we want to make,

Peacock group defines role

growth it must not be penalised Spa, Wetherby, West Yorkshire. by any further cutback of the £2.50.

ing of the BBC does not have the power of life and death" over Britain's broad-casting system, Prof Alan Peacock emphasised last night.

THE PEACOCK Committee set of objectives. And even if which is looking into the financit did it would not want to ing of the BBC does not claim that these were the only ones worth considering. He was speaking at the annual meeting of the Voice of the Listener, the organisation set up to encourage high standards

"We analyse, we may recom-mend, but we do not decide" he The committee is looking at It was far from certain that the feasibility of funding the the committee would want to BBC partially or entirely from commit themselves to any given advertising.

The Trust Bank of Africa Limited Head Office: Trust Bank Centre, 56 Eloff Street

。在中国国家的工作的企业中,在中国的工作的工作和工作的工作,并且是一个工作的工作的工作,是一个工作的工作的工作,是一个工作的工作的工作,是一个工作的工作,是一个工

PO Box 7694, Johannesburg 2000 Tel Johannesburg 331-4411. Telex 8-9399 London Branch: 20 Cannon Street London EC4M 6XD Tel 01-2367424. Telex 886258

Licensed Deposit Taker

HONDA PUBLICITY FORCES BL TO RELEASE DETAILS OF NEW JOINT PROJECT

Austin Rover lifts cover on executive car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT AUSTIN ROVER, the cars subsid- structure, fundamental chassis iary of the state-owned BL group, components and can be produced today slightly lifts the veil of secre- on the same manufacturing cy surrounding its XX executive car facilities. eveloped in co-operation with

The company reveals that some versions of XX will be powered by a new two-litre engine it has developed over the past three years. Austin Rover will not release details of the car or even official photographs until much nearer the time of the

car's introduction next summer. It was forced to take some action, however, to prevent itself being upstaged by Honda which today gives details in Japan of its version of XX expensive three-way catalyser but in advance of next week's Tokyo just a simple oxidation catalyst.

Austin Rover emphasises that

Watford

The UK company also wants to prove that a great deal of Austin Rover expertise and technology has gone into the venture, and that it did not have to rely on Honda for all the advanced technology.

It therefore gives some details of its new engine, called the M16, a 16-valve, four cylinder unit which uses "lean burn" technology that should enable it to meet future stringent European Community emission

Austin Rover will also be intro-Austin Rover emphasises that ducing a new and, it claims, excepthe two versions of XX look completely different even though they injection concept on the engine in addition to the new commonolace



Austin Rover is still keeping the XX luxury model under wraps, but Car magazine has provided this "sneak preview" of the car suit the driver's programmed developed jointly with Honda and to be launched in the UK

and Honda ranges.

of the name to be used, but it is un-

derstood that the model, which

eventually will replace the compa-

ny's large Rover saloon, will be called the Rover 600 in Europe.

multi-point system. The company new Honda 2.5 litre V6 engine will says the system, which was devel- feature in both the Austin Rover ship of our model range which I beoped entirely by its own engineers, results in better fuel economy.

Mr Harold Musgrove, chairman of Austin Rover, also revealed that the XX will be launched in Britain with five models using three differ-ent engine specifications. It has previously been announced that the

STANDARD LIFE PROPERTYLINE HAS BRITAIN'S FINEST HI-TECH PROPERTY

opened just by pointing a small hand-held unit at a sensor located behind the windscreen. The position of the driver's seat could be programmed to the ideal position for an individual motorist so that at the push of a button the seats and the position of the door mirrors would be automatically adjusted to

would have doors that could be

XX will no doubt play a key part in the future of Austin Rover," said Mr Musgrove. "It will be the flaglieve will show the world that we He would not give any indication are back on the road to viability.

The Austin Rover version of XX will be built at Cowley, Oxford, and the Honda version will be built alongside it from September or October next year for sale in the UK

Investor protection framework for City takes final shape

Finalicial Finies Sautrie, Ucidoel 19, 1800

tory-backed system of investor protection and City of London regulamore self-regulatory organisations (SROs) to go alonside the five

The two new SROs cover the marketing of investments side of urities and Investments Board

The White Paper (policy document) on investor protection envi-saged two main boards to regulate its proposals - the SIB, covering mamly the City of London and the Marketing of Investments Board, to deal with pre-packaged invest-ments, chiefly life assurance and

unit-trust contracts. SIB is already being established under the chairmanship of Sir Kenneth Berrill, but so far only the Marketing of Investment Board Or-

Weinberg. volves 15 or less statt.

The five SROs already an Nasdim is to appoint a new nounced cover the complete specfrum of City activities as implied by their names. They are already at various stages of development. The Stock Exchange and the Na-

tional Association of Security Dealers and Investment Managers (Nas-dim) are well established. The Association of Futures/Brokers and Dealers has got as far as setting itself up and issuing rules for

The other two bodies are in embryonic form - the Investment Management Regulatory Organisation and the International Securities Regulatory Organisation. The latter already has become embroiled in controversy within the

City.

Those five would come under SIR, although Nasdim is also under the marketing umbrella. Unit trust groups, financial services groups and insurance brokers are busily ioining Nasdim.

The other two SROs, for the marketing side, are as yet simply sug-gestions - the Life Office SRO and the Life and Unit Trust Intermediaries Regulatory Organisation.

A notable absentee in the other-wise comprehensive framework is They have a representative on MI-BOC, but as yet that involvement appears confined to the life assuring societies staff.

The Association

THE FRAMEWORK for the statu- November 14 to discuss selfregulation. The AIBD is advising those of its members who will come tion took its final shape with the announcement at the weekend of two legislation to join the proposed International Securities Regulatory Organisation (ISRO).

That self-regulatory body is intended to cover not only bond dealers, but traders in other internathe regulatory system - the Life tional securities such as shares and Offices SRO and the Life and Unit money market instruments. The Trust Intermediaries Regulatory plan to form it has drawn criticism Trust Intermediaries Regulatory plan to form it has drawn criticism Organisation, according to the Sections the Stock Exchange, whose chairman, Sir Nicholas Goodison, last week called for a centralised

system of regulation. ISRO will have a fairly basic regulatory role with its members also belonging to designated overseas exchanges, one of which the AIBD is expected to be. It would define rules needed in addition to those set by the various exchanges, apply "fit and proper" tests to members, arrange a compensation fund as necessary, and establish capital ade-

quacy rules. Members will be asked for an inganising Committee (MIBOC) has itial contribution of £3,000, or £1,000 been established under Mr Mark for firms whose UK operation initial contribution of £3,000, or £1,000

> chairman. Mr Mark St Giles, joint managing director of the GT fund management group, will take over the post in mid-November.

> Mr St Giles will succeed Mr Robin Hodgson, chairman of the financial services group Granville & Co, who has been appointed to SIB. Mr Hodgson has chaired Nasdim since its formation in 1961 from the earlier Association of Licensed Dealers. It was not thought appropriate for him to sit on the SIB and on one of its subordinate organisations at the

> Before joining GT in 1983, Mr St Giles was managing director of the Jessel Britannia and Allied Hambro unit trust groups, and chairman of the Unit Trust Association. He was also a member from 1981 to 1983 of the Council for the Securities Industry, which once sought to become the main regulator of London's financial community, but which died last week.

Nasdim also expects to appoint a second deputy chairman, alongside Mr Geoffrey Pointon, the present deputy, after its annual meeting next month.

Mr St Giles's appointment comes the control of the building societies. at a time when the position of the unit trust industry within the proposed self-regulatory framework appears uncertain. It might inance marketing activities of build- crease the willingness of many unit trust groups to join Nasdim, most of

Enterprise body denies **blunders**

BY RICHARD EVANS

THE GREATER London Enterprise Board (Gleb) gave its de-tailed response yesterdsy to alle-gations that it has squandered millions of pounds of public

money. that Gleb, far from costing millions of pounds through unwiteinvestments and poor financial controls, had created thousands of jobs in the most difficult areas of Landon and had saved the Exchequer £30m in memployment and other payments.

"It is a record that cor very lavourably with that of private venture capital organ tions and one we are proud of said Mr John Palmer, Gleb's director of information, at a press conference called to refute teleand newspirier

evening newspaper, claimed to have exposed a catalogue of dis-astrous business deals and blunders . . . which may have cost ratepayers between £7.5m and £15m."

On a London Weekend Television programme, Mr Robin Atkins, a member of the Gleb board until he resigned in July, speke of Gleb's waste of money "on a grand scale" and called on the Greater London Council to sack Mr Alan McGarvey, Gleb's chief

Mr Palmer said it was a "contemptible lie" to say that Gleb had squandered public funds. Of £59m received from the GLC over the past 2½ years, £18m had been put into enterprises providing 3,000 jobs; £16m had been invest-ed in property that would pro-vide space for 4,000 jobs; £8m was in grants and purchase of fixed assets, mostly technology net-works; and £8.5 was in cash

The film spent on overheads and staff costs was a lower pro-portion of budget than at other public sector development

Mr Palmer agreed that there had been losses of £4m on invest-ments, mainly in property, and total losses could reach a maximum of the if overhead casts of failed enterprises was taken into account. Set against a total budget of £59m, "that is an extremely respectable rate of loss, opera ing in some of the most risky areas of economic enterprise. In general, Gleb's property perticito had increased in value

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UK NEWS

Coal price rise pitched below rate of inflation

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gradual.

Methodis

price rises since the end of the miners' strike last March, claimed yesterday that they represented the first tangible benefit of its poststrike drive to reduce its costs.

This was the reads and £200m in the next year.

A tonne of industrial coal at the mine now costs between £40 and £50. Retail prices for house coal vary from £75 to £110 a tonne, depending me in which part of the

Although industrial and domestic coal prices will increase by about 4.5 per cent next month, the rise is 1.4 per cent below the general rate of inflation, a substantially wider gap between the two indices than in previous years. It is also the fifth year running that coal prices have remained below the general infla-

Mr Malcolm Edwards, NCB commercial director, said that in real terms coal would now be 4 per cent cheaper than in November 1980.

The increase does not apply to the prices paid by the Central Elec-tricity Generating Board (CEGH) the beards biggest customer. These are still being negotiated. Because of the CEGB's purchasing power, the power station coal prices are likely to go up by even less than the

A tonne of industrial coal at the mine now costs between £40 and "not plugged into some extra-

pending on in which part of the country it is sold. fall in the wake of the strike, Mr

Edwards said he thought the NCB should be able to do better than meet its present objective of break-ing even by the end of the 1986-67 fi-nancial year. will generally rise by 4.5 per cent while wholesale prices for domestic fuel will rise from about £2.25 per The main factor was the speed with which the industry was getting rid of its over-manning. This prob-

lem is now running out of the industry on its own two ieet," he said. He also praised the growing realism among the rank-and-file of the industry, exemplified, he said, by recent events in the Nottinghamshire hopeless end of our business where coalfield where miners voted to the costs are way above the prices break away from the National markets will pay."

Union of Mineworkers and join the new Union of Democratic fidently look forward to finding the

Stadium THE NATIONAL Coal Board power stations, the new prices will hoped it would give the board "a (NCB), announcing its first round of price rises since the end of the min
£150m and £200m in the next year.

List would give the board "a raise the NCB's income by between tough time," because the new price rises since the end of the min-By Terry Povey

> terrestrial source." Commenting on the NCB's aim to produce coal with a maximum heat sending on in which part of the value of 17.5 pence per therm, he said it would enable the board to pay its way, earn money for investment and be robustly competitive against other fuels and foreign coal. Industrial wholesale coal prices

> > tonne for house coal to about £4.50 for the top-quality smokeless fuels.
> > Voicing the hoard's determina-

customers it needs to sell 90m isted prices.

Referring enthusiastically to the tonnes a year of deep mined coal if newly-formed union, he said be we can sustain the impetus."

Pressure for a settlement of affairs at Wembley has also come from BET, the industrial holding company that once owned the stadium outright Today, BET has a 49 per cent stake in Arena, the main

banks in the UK.

Key stake

Wembley

MR ABDUL SHAMJI bas sold his

key stake in the complex of compa-nies that controls the Wembley Sta-

dium and its 70-acre site on the out-

skirts of London. The buyer is a consortium led by Mr Brian Wolf-

son, chairman of the industrial

The deal comes after months of

negotiations between Mr Shamil's

master company, Gomba Holdings

Mr Shamji has been under pres-sure to sell assets since the collapse

of Johnson Matthey Bankers (JMB)

in September 1984 and the resched-uling of Gomba's £19m debts with

JMB and Mr Shamji bad reached

an agreement that would involve the disposal of assets by Gomba. In

addition to its debts with JMB,

Gomba owes around £20m to other

holding company Anglo Nordic.

and a variety of suitors.

sold in

Arena is 68 per cent owned by Arena Holdings, whose principle shareholders are London Leisure and Arts Centre (LLAC), Mr Harry Goodman (of Intasun), Mr Jarvis Astaire and Stockley Properties.

Mr Shamji is believed to have paid some £4m for his 85 per cent stake in LLAC. While no figure has been given on the sale to Mr Wolfson, the sum is said to be

The pressure from BET took the form of a winding up petition against LLAC for the non-payment of some £4m in loans and interest. This petition from BET was heard in the courts yesterday and all parties agreed to a 28-day

According to those involved in the discussions with the Wolfson consortium, negotiations are now proceeding between it and the other

Contracts and Tenders



Pré-qualification for the **Public Service Concession** for the Operation of the Sines Coal Terminal

GAS — Gabinete da Área de Sines, invites companies, or groups of companies, with experience in the operation of coal terminals, to submit appropriate technical, commercial and financial data to enable GAS to prequalify prospective bidders for the operation of the Sines Coal Terminal.

This pre-qualification will enable GAS to enlist prospective bidders to be invited to tender for the public service concession concerning the operation of the Sines Coal Terminal, including the design, supply, assembling, testing and start-up of the coal handling and storage equipment.

Pre-qualification will be based on the following parameters:

- Technical, commercial and financial capability;
- Share of portuguese participation in the design and supply of the equipment;

 Antecipated financing structures connected with the project.

When applying in group, the prospective bidders will be required to appoint a group leader and to provide information on the legal structure of the group.

Interested bidders should request terms and conditions

Gabinete da Área de Sines Gabinete de Relações Públicas Rua Artilharia UM. 33 - 3.º 1297 LISBOA CODEX **PORTUGAL** Telex: 12572 GASLIS P

Only requests accompanied by a non-refundable cheque payable to Gabinete da Area de Sines for the amount of US\$ 3000, or the equivalent in Portuguese escudos will be actioned.

Bids must be delivered to GAS at the above adress not later than 17 hours local time, on

November the 21st, 1985. All bidds will be opened by GAS on November the 22nd 1985 at 10 a.m. local time, at the 7th floor of Rua Artilharia Um, 33 — Lisboa.

Tighter rules to halt corruption at state agency

By Andrew Fisher

NEW GUIDELINES aimed at curbing fraud and corruption in the Property Services Agency (PSA), the body which manages the Gov-ernment's £10bn portfolio, :would be issued before the end of the year, the Government said yesterday in a reply to the critical report of the House of Commons Public Accounts Committee.

It will speed up disciplinary ac-tion by allowing departments to handle minor cases of theft or deception without involving the po-lice, and to take early action against managers whose negligence has allowed funds to be taken by another officer who is subject to prosecu-

In August the Government acted to improve its internal audit sys-tems after the fraud disclosures. lier this year that it was disturbed at the extent of fraud and corruption. The first cases were revealed in 1982.

Lucius end, the new gas regulatosus, the Government would have a parties at Wembley for a compression that it was disturbed by authority should have power to difficult task to balance the long-lensive deal that involves a £50m run interests of the consumer and the likely profitability of the new ent possibilities for conservation. company. The Commons Committee said ear-

Call for greater efforts to conserve gas supplies operating company for the stadium.

conservation schemes after it has consum

been privatised, an energy expert said yesterday. Professor Gerald Manners, of University College London, told the Institute of Petroleum that the gas

limit demand for its product.

Although British Gas had helped customers to instal more efficient boilers and other equipment, partly to help gas maintain its competitiveness against electricity, much

more needed to be done. The privatisation of British Gas, impact on gas pricing and the proftherefore, gave the Government a chance to revise some of the basic principles that shaped the energy market in the country, he said.

To this end, the new gas regulato-

BY MAX WILKINSON, NATURAL RESOURCES EDITOR

BRITISH GAS should be required This would be aimed to ensure the to put much more effort into energy lowest long-run cost of gas to the

> Prof Manners, who has studied the regulation of private gas author-ities in the U.S., said that this was one of the most important regulatory principles in many states.

cept that its interests might be tions of British Gas would need to served by investments intended to be more open to caption to be more open to caption. ter privatisation. This was necessary to ensure that the public understood that profits were reasonable and that inefficiencies were not being compounded. The regulatory framework, he said would have its most important

> its of the industry. Profits would also be closely related to the tax regime decided by the Government. In making decisions on these issues, the Government would have a parties at Wembiey for a compre-difficult task to balance the long-

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Lloyds loan applications

CUSTOMERS LOOKING for a personal loan from Lloyds Bank will soon have their wishes granted by computer —if they pass the banks credit scoring test.

In what is claimed to be the biggest order in the UK for viewdata terminals, Lloyds plans to install 1,550 Sony nine-inch viewdata screens in 1.500 branches at a cost of

The system, to be operated by Lloyds staff, means the forms necessary for a per-sonal loan or an insurance quolation can be completed on

The decision on whether io grant a loan is then settled by the computer, already programmed with Lloyds credit scoring ratings. No personal infor-mation will be held on the system apart from credit information which the bank can have from credit rating can buy from credit rating

The bank said that if the system accepted a loan pro-posal, it would be granted immediately. If it was rejected the branch manager would give a second opinion. Nobody would be refused on the basis

Computer to Banks 'must make better use of technology'

BY ALAN CANE

THE WORLD'S financial institutions must develop cost-effec-tive services attuned to real market needs if they are to make the best of the opportuni-ties offered by electronics. They must lead, rather than be led by, the technology.

This was the principal theme running through the third Financial Times electronic financial services conference which opened in London vesterday.

Mr J. M. Williamson, for-merly director of the Inter-Bank Research Organisation, said the banks had been successful in developing branch automation. Customers, however, had made only modest use of the new technology.

He said the shape of electronic financial services in future would be determined by technology, pricing policies and institutional change. "What we have seen so far in banking technology will seem insignificant by the year 2000."

Mr Williamson is now director of research and planning in the Association for Payment Clearing Services, established two weeks ago. He said the new clearing structure recommended in the Child report, which argued for opening ownership of clearing services to all suitably qualified institutions, should be in place by December "Any financial institution in " Any financial institution in the business of providing pay- cus
ment services that can meet a of set of objective criteria will be free to become a clearing bank,"

FINANCIAL TIMES **ELECTRONIC** FINANCIAL **SERVICES** CONFERENCE

Mr John Rarrison, a partner technology options, inter-in Touche Ross Management twined as they are by changes Consultants, reviewing a study in the financial services carried out by his company which concluded that senior bankers were disappointed by technology, said there was "too much computer power chasing too few deposits." Financial institutions were

not seeing lasting competitive advantage from their investments. He said there was no proof that automated teller machines (ATMs), the banksin-the-wall, were successful or

In the U.S. last year, some Mr Williamson is now director the U.S. last year, some the Williamson is now director the transactions were carried association for Payment Clearshould have given the banks and Services, established two full scope for profit. They were weeks ago. He said the new spending \$2bn a year on clearing structure recommended ATMs, however, and not the Child report, which recovering their charges.

Mr John Hardy, head or gravity automated banking at National or dominant currency."

Girobank, said his organisation had decided in 1981 that it General of Fair Trading, said there seemed no reason in printing why the national EFTPOS customers. It was a member of the Link consortium, a of the Link consortium, a scheme now being mounted by group of financial institutions the UK clearing banks should which planned to share their come before the Restrictive ATM networks. "It is our firm Practices Court.

belief that the life cycle of ATMs is not yet fully mature, but closely coupled with that electronic fund transfer at the point of sale (EFTPOS)." For the building societies, Mr Peter Lumb, managing director of the Leeds Permanent, said they were not limited by technology. "The problem is the large range of technology options, inter-

market place." He warned that there was a lack of preparation at national level for the coming of electronic money. "There is a need former to be a need to be a ne for a co-ordinated national electronic financial infrastructure. especially in payment services. There is no sign of proper planning for this—the danger is that it will grow haphazardly as ATM networks, EFTPOS systems and clearing networks further develop."
The theme that electronic

banking had more to do with managing information than with gadgetry was reinforced by Mr Eduard Berlin, vice-president for global electronic markets at Citibank. He said: "The new communications are a symbol for a global market place, a market place with no centre of gravity or national preference or dominant currency." Sir Gordon Borrie, Director



Sir Gordon Borrie: what's in it for the shopper?

But he believed basic questions remained to be answered.
"What's in all this for the British public, the housewife, the shopper?" he asked, arguing that incentives would have to be found to persuade the public to use debit cards after credit cards. "Are we now to see retailers encouraged to allow debit card customers

to pay less than others?"
Mr David Robinson, chairman of the clearing bank's EFTPOS policy committee, said that even with EFTPOS in place, the volume of paper in financial provides a smooth transition, transactions would continue to from the current situation to

EFTPOS will have a relatively small impact in comparison with the total number of payments made by other means. By the middle of the next decade, it is projected that EFTPOS volumes will be running at around 550m a year, the equiva-lent of only 12 per cent of the total market."

For the retailers, Mr R. H. Pickles, chairman of the Retail Consortium Working Commit-tee, said the cost of EFTPOS and its repayment was the key commercial consideration.

He listed the telecommunications equipment required and pointed out: "People talk glibly about a transaction charge, but which of the elements I have described are included. For those of us with networks, the cost of equipment pales into insignificance against the telecommunications costs." Mr Alan Miller, a consultant

who was formerly a senior executive at Marks and Spencer with responsibility for its in-formation technology strategy, said bluntly that the retailers were not ready to be partners on equal terms with the banks. He thought funds transfer would come a poor second to the plastic card. M Louis-Noei Joly of Société Générale argued that the mixed "smart" card with an embedded microcom puter and a magnetic stripe would Ъe

weapon." He said, "It alone "For many years, the solution of the future."

Citicorp offers equity finance for buy-outs

management buy-outs in the

Liusneist Times, Saminal Acianel, 12, 1200

The fund is the first of its type to be launched by an over-seas bank in the UK. If the loan finance to be offered with the equity were taken into account the total capital available could reach between £400m and £500m.

The initiative responds to the growing number of large management buy-outs in the august and the St Regis paper and packaging group earlier in the year.

The Citicorp fund will concentrate mainly on buyouts with a minimum equity content of flom. Eight deals in that category have been completed in the UK during the months.

Management buyouts have become more frequent in the UK during recent years as large industrial groups have tended to reverse the acquisition policies they pursued in the 1970s.

Electra Investment of Canadana C UK, such as the £175m purchase of Mardon Packaging from B.T. Industries in August and the £52m acquisition of the St. Regis paper and packaging group earlier in the year.

CITICORP Venture Capital, of large quoted companies, part of the U.S. investment tiple in terms of growth. It tiple in terms of growth, It will develop as the funds for medium-sized to large management buy-outs in the The fund expects to invest alongside other financial institutions in most of its deals and intends to participate in or lead: 28 buy-outs during the next five

> years. Smaller management buy-Smaller management buyouts will continue to be handled,
> separately by the group's venture capital arm. Scrimgeour
> Vickers, the Citlcorp stockbroking subsidiary formed from
> the merger of Vickers da Costewith Scrimgeour Kemp-Gee, will
> bely a introduce deals, said Mr

of £10m. Eight deals in that category have been completed in the UK during the past 18 months. Citicorp estimates that 150 management buy-outs took place in Britain last year, with a total value of £432m.

Mr John Botts, managing director of Citicorp Investment Bank, the venture capital group's parent company, said the bank was already negotiating to complete four buy-outs

Electra Investment Trust and Candover Investment in July plans for a nunuced in July plans for a nunuced in July plans for a nunuced in July plans for a sunounced in July plans for a nunuced in July plans for a sunounced in July plans for a sunounce in July plans for a sunounced in July plans for a sunounce in July plans for a sunounce in July pla

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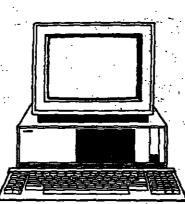
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you've already bought the first part of your new AT&T 3B2 system.

Most computer salesmen are amazing optimists. They keep wanting to sell you office computer systems that are so advanced, you'll have to throw all your old stuff away. If you seem unwilling to part with equipment you know and love, they look down their noses. "That's the price of progress" they say.

AT&T announce a break-through. The 3B2 office computer. A system so advanced, you won't have to throw your old PC's away. They can carry on doing their jobs for ever. if you like. At the same time, they're already fully operational 3B2 terminals.

The 3B2 is designed specifically for working groups of computer users: 382/300 for up to 18 terminals and 3B2/400 for up to 46. It costs around twice the price of an IBM* AT. The clever thing is, that as the 3B2 is designed for multiple use, each user only needs a simple terminal - at half the price of a full-scale PC. On an IBM* system, each user needs another PC. Break-even point on costs comes at between 5 and 6 users.

By the time the IBM-er is up to 7 users, you can afford 10. Not counting the savings you've made by keeping your old PC's in action.

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Government Actuary 'did not mislead' on pensions BY ERIC SHORT

ATTEMPTS by ministers to blame the Government Actuary for ending the political concensus on pensions were attacked last night by Mr Joe Macharg. President of the Faculty of

Actuaries.
In his presidential address in Edinburgh he said the Green Paper outlining the Government's pension reform proposals showed them to be so ill-conceived—even juvenile—that they would bring the Govern-ment into disrepute, if not ridi-cule, if proceeded with in their original form.

The Government proposals, centred on abolishing the State Earnings - Related Pension cheme (Serps) and replacing it by personal pensions, would among other things, end the political concensus reached between the main political parties when the 1975 Social Security Pensions Act was being considered. This aspect has been opposed by almost all the pensions industry.

The Government's action has been defended by Mr Norman Fowler, Social Securities Secre-tary, and others on the grounds that the Government Actuary, Mr Edward Johnston, has misled everyone on the likely costs of the scheme in the next

Mr Macharg told Scottish actuaties that this was not the case and that the fact of likely adverse demographic trends had been conveyed to the Government. He condemned politicians for trying to impli-cate a distinguished civil ser-van who was prevented from defending himself. Mr Macharg attacked the

Government for what he called contracts, particularly the haste with which it was profit quotations.



Mr Edward Johnston: defended by colleagues handling pensions reform. Pencent standard of living in old age for everyone, not about interesting theories of making everyone their own capitalist. He understood that parts of the Green Paper were being drafted only hours before publication. This was not the way to plan structures supposed to

last for decades.

Mr Macharg also said that actuaries were coming under increasing public scrutiny and that they faced the need to explain and perhaps justify this to a wider audience that could be sceptical of jargon.
In particular he warned them

of the problems they faced in conveying illustrations of future benefits under life and pensions

School funding attacked

PARENTS are donating £40m a year to state schools, the country's largest parent-teacher pressure group said today.

Most PTAs are providing funds not just for extras but also for essentials like books, the National Confederation of Parent Tascher Associations.

In a report published yester-day if warned that children inpoor areas were suffering most because of the increasing reliance on parental fund-

The group, representing 4m papents and teachers, says that primary school parents are con-

in English and Welsh schools says there is an "alarming state of deterioration as schools struggle to maintain standards. in the face of increasing lack of resources."

PTAs had used funds to provide "essential" in 82 per cent of primary schools and 84 per cent of secondary schools taking part in the survey. This was creating schools which were The group, representing 4m creating schools which were parents and teachers, says that primary school parents are contributing on average £6.56 per pupil. In secondary schools, an increasing number of 635-23.21 per pupil was being advantaged children.

Retailers urge restraint on Sunday trading laws

BY LISA WOOD THE NATIONAL Chamber of Trade, which represents about 200,000 retail businesses, yesterday launched a campaign to ward off what it called a Sunday extend the unsocial hours they ward to the control of the control of

trading free-for-all. The Government, in response to the Auld committee inquiry others will resist attempts to into the Shops Acts, is expected to introduce a Bill in the next of Sunday."

Traders were anxious to carry out their function effectively bodies which shar and to the customers' satisfac- lobby their MPs.

currently are expected to wo and environmentalists and others will resist attempts to

parliamentary session to remove all restrictions on shop trading hours.

The Campaign, under the banner Keep Sunday Special urges that shops do not open for more than 60 hours a week. Trade, in its campaign, urges a Instead of total de-regulation it middle way, with any new Bill, wants a system whereby local retaining some restrictions.

The NCT said consumers in areas where most shopwere said to want "total freedom to shop whenever the fancy takes them, yet will not local chambers of trade and accept that increased prices would be needed to fund such trade associations. has sent a desired associations. draft of its proposals to the bodies which share its views to

No shift in pit review procedure

THE NATIONAL Coal Board yesterday ended in practice its efforts to find an agreement on a revised colliery review procedure, which would include an independent and most just in the closure of the month—the time the end of the month—the time of the total. The net effect will be, said Mr Davies, to bring the through the review procedure as quickly as possible. It lies. independent arbitrator to adjudicate on disputed pit closures.

By announcing the closure of St John's Colliery in South Wales, and in its announcement to be made today of the closure of Bates and Horden in the north-east, it has retained the old review procedure, under which the board was the final arbiter and in which positions. pendent advice was entertained. that the unions and the board brings to 11 the number of pits

The importance of this lies will agree on a procedure before to close in South Wales since

There remains the possibility

as quickly as possible. It lies, too, in the willingness by the board to take on the chin accusations that it has broken faith by not instituting an agreement which it last year described as "sacrosanct"—a word that was echoed by both Mr Peter Walker, the Energy Secretary, and the Prime Minister.

To St John's.

Mr Emlyn Williams, the South Wales NUM president, described the announcement of Earlier, Mr Cliff Davies, the NCB area director, told the NUM officials that the pit was losing money at the rate of £69 a tonne, and that continued production could not be supported. duction could not be supported.

quarter of next year—the first time for many year—and to re-duce the numbers of miners from over 20,000 before the strike to under 15,000.

Mr Davies said that the sharp Mr Davies said that the sharp upturn in the results of long-life Welsh pits had reduced losses in September to £67.90 a tonne, compared with a deficit tonne, compared with a density of £22.44 in August. Some St. John's per cent of South Wales coal brings to 11 the number of pits was now being produced at a to close in South Wales since break-even level, he said.

TUC rejects engineering union offer on ballots

By John Lloyd

THE TUC's finance and gen-THE TUC's finance and general purposes committee yesterday turned down an offer from the Amalgamated Union of Engineering Workers to set out TUC opposition to the union's Immembers taking state aid for hallots in the vote on the issue due to take place next issue due to take place next

The decision to neither put The decision to neither put an article in the AUEW journal nor an insert in the ballot envelope is an indication of the anger felt by the TUC leaders that the "spirit of the agreement" reached between the two sides at the Blackpool TUC Conference last month had been breached by the union.

Mr David Basnett, general secretary of the General Municipal and Bollermakers Union, said last night that there could be no speical conference or separate agreement on the TUC's attitude on labour laws which could intervene to alter the posi-

The AUEW was warned during the Blackpool con-gress that the consequences of a "yes" vote in the ballot - the expected outcome - would mean instant suspension from the TUC.

National bus strike day called

BY DAYID THOMAS, LABOUR STAFF

A ONE-DAY national bus strike NBC would receive worse bene- is such an important one for the has been called for next fits than they now get. This was future security of people that Tuesday by the Transport and because, under the Government's proposals, the assets of the TGWU has asked the

The call will go out to the TGWU's 70,000 members in the proposals would not lead to a
worsening of workers' benefits.
In the local authority area,
the union is concerned about National Bus Company and in local authority bus services. London Transport, the Scottish Bus Group and private operators will not be affected.

Mr Bill Morris, TGWU deputy superannuation schemes.

general secretary designate. Mr Morris predicted that the said yesterday that after strike call would be well supprivatisation workers in the ported: "The issue of pensions cause of privatisation.

the lack of guarantee that bus workers will be able to retain membership of local authority

protest against the pension the NBC pension fund would arrangements contained in be transferred to a private the Transport Secretary. The legislation to privatise the bus insurance scheme.

The Department of Transport transport stoppages after the transferred to a private the union will consider whether to hold further stoppages after

said yesterday that its latest proposals would not lead to a The union has not held a vote The union has not need a vote under the terms of the 1984 Trade Union Act. Mr Morris said: "Acting in accordance with our union's policy, we will not be ballotting our members."

A record ballot voted for industrial action when the NBC

NUM trustees 'ready to sue Scargill'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE NEW trustees of the National Union of Mineworkers to the law has cost it.

The new trustees—Mr Alex Eadie, Labour MP for Midheaders—"subject to independent legal advice."

The claim against Mr Scargill, vice-president Mr Mick Melsh, MP for Midheaders—"subject to independent legal advice."

The claim against Mr Scargill, vice-president Mr Mick Melsh, MP for Midheaders—"subject to independent legal advice."

The claim against Mr Scargill, vice-president Mr Mick Melsh, MP for Midheaders—"subject to independent legal advice."

The claim against Mr Scargill, vice-president Mr Mick Melsh, MP for Midheaders—"subject to independent legal advice."

The new trustees—Mr Alex Eadie, Labour MP for Midheaders—"subject to independent legal advice and proper " persons to take back control of the NUM's finds from the receiver.

All three said they had supported the strike.

All three said they would be prepared to pursue Mr Scargill, Mr McGahey and Mr Heathfield, the union's former trustees, into bankruptcy through the legal action against them, they said they would act according to independent legal advice and would accept the court's judgment.

All three said they had supported the strike.

All three said they had supported the strike.

All three said they had supported the strike.

All three said they had supported to pursue Mr Scargill, Mr McGahey and Mr Heathfield, they would act according to independent legal advice and would accept the court's judgment.

Mr Peter Cresswell, QC, for the NUM advited the runters in the minor solution of the NUM according to i

had prepared not to sue Nobis-Finanz International, the ing problems in Luxembourg, Luxembourg bank that handed Switzerland, Ireland.

Equal pay claim appeal to Lords

BY HELEN HAGUE, LABOUR STAFF

A SCOTTISH woman who executive. earns 27,295 fitting artificial limbs for the National Health Service is to appeal to the House of Lords for equal pay with a male colleague who is paid £2.800 more for doing the

same job. Mrs Elizabeth Rainey is the Association of Scientific, Technical and Managerial Staff and the Equal Opportunities

Commission.

The decision to back the

Baroness Turner, assistant who were previously employed general secretary of ASTMS, by contractors. said women limb fitters at the Baroness Turner said the Belvedere Hospital in Glasgow, where Mrs Rainey works, are

taking her case to the Lords who fit artificial limbs to with the backing of her union, patients who have had amputations — were employed by private contractors in Scotland. When the NHS prosthetic service was set up, these employees transferred to the

union believed that the NHS is in breach of indirect discrimbeing paid markedly less than men doing the same work.

Until 1980, all prosthetists — of Lords has yet to give an who fit artificial limbs to authoratative ruling on the

concept.

By backing the appeal,
ASTMS hopes that a precedent
will be set

ane decision to back the appeal—against earlier rulings at industrial tribunal, employment appeals tribunal and court of session hearings—was taken last month by the ASTMS

ment appeals tribunal and court of session hearings—was taken last month by the ASTMS

ment appeals tribunal and court of session hearings—was taken last month by the ASTMS

ment appeal—against earlier rulings public sector on their existing are seeking to bring equal pay for work of equal value claims in the NHS. The cases are to be brought under the Equal Pay Act amendment. ASTMS is also backing three

Bank 'faced pressure'

PRESSURE was put on the Bank of England not to open an account in the name of the National Union of Mine-

National Union of Mine-workers, the High Court heard yesterday.

Answering an allegation that NUM money has been invested in South Africa by the union's receiver, Mr Michael Arnold, of City accountants Arthur Young, through Standard Chartered Bank, Mr Peter Cresswell. Bank, Mr Peter Cresswell, QC, said that on his appoint-ment Mr Arnold had wanted to open an account in the NUM's name.

He approached Barclays
Bank but, after the matter
had been referred to the
bank's chairman, the request

Taking the view that other clearing banks could well take the same approach, Mr Arnold contacted the Bank of

England, whose thief cashier agreed to open an account. "Shortly thereafter Mr Arnold was telephoned by the Bank of England and it was explained that due to pres-sures on the Bank of England they would have to decline his request for an

"The Bank of England was embarrassed by this, but, rather than leave Mr Arnold in the lurch, it telephoned around and found that the recognised bank, was willing to accept the account."

NUT test case hearing soon

whether a teacher is contractually bound to tope for an cover action." has had an impact to the angle could be heard portant impact. Employers' organisations' believe that the case brought by the National Union of Teachers may be heard in time to have a

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A TEST CASE to determine bearing on the current pay disagainst five education authori-

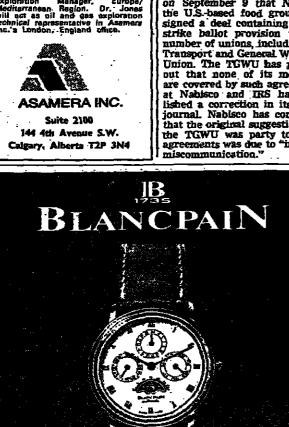
ties — Doncaster, Rotherham, Solihuli, Croydon and Bexley which have docked teachers pay for refusing to cover for colleagues during the dispute. It is possible that all five will be taken as one.

The NOT and other teachers' unions argue that covering for colleagues is not part of their members' contracts and that boycotting it is a legitimate sanction to deploy during dis-Covering for colleagues is

one of the duties both Sir Keith and the authorities want to make explicit in a new teacher contract.

No TGWU deal AN ARTICLE in the FT base

on a report by Industrial.
Relations Services, the independent pay research body, stated on September 9 that Nabisco, the U.S.-based food group, had signed a deal containing a prescribe hallot provision with strike ballot provision with a number of unions, including the Transport and General Workers' Union. The TGWU has pointed out that none of its members are covered by such agreements at Nabisco and IRS has published a correction in its latest that the original suggestion that the TGWU was party to these agreements was due to "internal miscommunication."



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PLO talks

worthwhile

Government

By Our Parliamentary Staff

THE FOREIGN Office does not regret its attempt to hold

talks on the Middle East with

a joint delegation from

Jordan and the Palestine

Liberation Organisation, Mr

Tim Renton, the Foreign Office Minister of State, told

In a statement to MPs on

the first Commons sitting since the talks foundered last

week, Mr Renton said the

Foreign Office believed "very strongly" that the talks were

a risk worth taking. Their failure would comfort only

Mr Renton said the talks

falled to take place because

one of the PLO members refused to endorse a pre-

refused to endoise a ranged statement proposing terrorism and accepting Israel's right to exist.

He denied Labour claims

that the talks were called off

because of pressure from the

Labour's foreign affairs spokesman, said what had

begun as 2 court geous initia-tive for peace had ended as a diplomatic shambles. He accused the Government

of making unrealistic assump-tions about the views of the

PLO members, and claimed the Government had managed

to annoy everyone involved in the Middle East and to en-

danger the peace process launched by King Hussein of

Conservative MPs regretted

the failure of the talks, but there was no criticism of the Government. A number of Conservatives urged ministers

to continue efforts to promote peace in the Middle East.

Мт

Jordan,

Donald Anderson

extremists on both sides.

the Commons yesterday.

risk, says

Design seen as force for renewal

THE GOVERNMENT is firmly committee to sponsoring improvements in design as a major force for industrial innovation and regeneration. Mr John Butcher, the junior Industry Minister, told the Commons vesterday.

Mr Butcher was opening a debate claimed by the Department of Trade and Industry to be the first government-sponsored debate on design held in the legislature of any industrial country.

Mr Butcher said the Government had trebled spending on design initiatives since 1982, and would spend nearly £12m in 1985-86.

He said Britaln's industrial problems stemmed from a mismatched economy " which too much of the pation's human and capital resources had been committed to production of goods for which demand was low.

Talented designers were the key link between market demands and production facilities, he said.

Mr Butcher said intellectual capital was often more im-portant to companies than fixed assets. There were encouraging signs that bankers and financial advisers were paying more attention to intellectual capital in their analysis of business.

Mr Geoffrey Robinson, a Labour industry spokesman, said there was a credibility gap between what the Govern-ment said about design and what it did. Public spending cuts were having a seriously deleterious effect.

Police 'need' will be met in inner cities, says Hurd

POLICE MANPOWER in London and some provincial centres to be increased and their anti-riot gear improved in the light of the recent disturbances in parts of London and Birmingham, Mr Douglas Hurd. the Home Secretary, announced when the Commons re-assembled yesterday.

He assured MPs who expressed anxiety about the implications of the increasing frequency of breakdowns in law and order in inner-city areas that "need" would be the only test applied by the Government in relation to both men and equipment

Mr Hurd, making his parliamentary debut in his new office, clearly impressed most Govern-ment supporters with his carefully balanced response to demands for more resources to be made available to the police and for the genuine fears of ethnic minorities to be allayed. He left it to Mr Giles Shaw, Home Office Minister of State, to announce in a written answer

that the Metropolitan Police are considering a radio communications link for helmets, tape recorders in helmets (for evidence gathering), personal kitbags for riot equipment. breast plates for women officers, shin protectors, protective boots, first-aid packs and long

He confirmed that the special equipment currently available to the Metropolitan Police includes iong shields, round shields, Nato helmets, flameproof overalls, protective grilles for vehicles, and CS smoke and

baton rounds.
Mr Hurd told the House that debate was continuing within



Douglas Hurd: parliamentary debut impressed Government supporters

the police service about the use of water cannon which were "awkward and difficult to

He stressed that water cannon would not have been any good in the conditions prevailing in the Tottenham riot and indicated that the final decision was likely to be expired that was likely to be against their

Dealing with the strength of the police, the Home Secretary said the numbers in the Metropolitan force had gone up by nearly 4,500 since 1979, when the Conservatives returned to office, and there had been similar increases in other forces in England and Wales. He acknowledged that even

after a recent wome intake of recruits the Metropolitan Police was still about 300 below its present establishment of

27.165 and promised support for the Chief Commissioner in his efforts to make good this shortfall as quickly as possible.

Mr Hurd promised that the
Government would continue its

strong commitment to urban regeneration The urban programme had been more than tripled, from 1985-86, and there had been sub-stantial expenditure in all the

riot areas. He said: "We must ensure that the very substantial sums that go, and will continue to go, to inner-city areas are spent to the best advantage and directed to the real needs of the people who live there."

While accepting that there were social problems in the areas where such shocking events had recently taken place he insisted, to Government cheers, that it was no solution to look and hurn shope serving to loot and burn shops serving the areas concerned, or to attack the police.

The Home Secretary said:
"Mob violence must be dealt
with firmly and effectively and
criminal acts punished according to the criminal law. The police should have the support of all of us in striving to main-tain order and uphold the law." Mr Gerald Kaufman, Labour's Shadow Home Secretary, pro-tested that Mr Hurd had failed to allay anxieties about the nature of the policing during the recent riots, particularly in relation to the increasing use

of fire arms. He renewed the Opposition's demand for an independent inquiry similar to that conducted by Lord Scarman after the 1981 riots which could look into the background to the riots, including mass unemploy-ment — especially among teenagers — bad housing, dereliction and racial discrim-

Inquiry into Welsh high-tech company subsequently been frozen by a U.S. bank.

THE WELSH Office is to carry out an inquiry into the handling of public investment in the Parrott Corporation, a high technology company manufacturing floppy disks in Cwmhran, south Wales.

subsequently been frozen by a U.S. bank.

Mr Abse said the guarantee WDA was not disclosed by the WDA to Parrott's institutional investors and asked what steps the government was taking to pro-Mr Nicholas Edwards, the

Welsh Secretary, told the Commons yesterday that police investigations were under way, and that the investment would eventually come before the Commons public accounts committee, which monitors public spending.

Parrott, Britain's fully intematerial floors and private investment package had secured the establishment

A MAJOR European company

rinancial Times Salurday Octobel 19 1500

government was taking to pro-tect the employees of the company and the public funds invested in it.

He said the affair was not sub judice, and asked Mr Edwards "why you in your guilt remain silent?"

Parrott, Britain's fully integrated floppy disk plant, was set up in 1983 with working capital of more than £6m, including an advance of £2.5m from the European Coal and Steel Community, and £1m from the Welsh Development Agency. The major institutional investors were Commercial Union, Legal and General, and CIN, the Coal Board pension who would inquire into the handling of the original WDA investment,

WDA investment,
Mr Edwards said the details Labour MPs demanded a full judicial inquiry into public investment in the company and accused the Welsh Office of planning a "white wash."

The issue was raised by Mr Leo Abse (Lab, Torfaen) who asked why Mr Edwards had permitted the ECSC advance to be used as a guarantee against a loan, and why the advance had

Mr Edwards said the details of the inquiry, including the investigator were still being discussed with the Treasury.

He was pressed for more details by a number of Labour MPs, including Mr Roy Hughes (Alyn and Deeside), the Shadow Welsh Secretary.

Plans for Greenfield site

a MAJUK European company is considering moving to the Greenfield plant in Delyn, Wales, closed by Courtsuids, Mr Nicholas Edwards, the Welsh Secretary, told the Commons

Mr Edwards said the Government was making £200,000 available to Delyn Borough Council from the Urban Programme Government to alleviate the for the further development effects of the closure of the of the Greenfield site for a Courtaulds plant.

Some unwritten rules for minority rule

major European company, subject to that company locating at the site." He added: "For reasons of commercial confidentiality. I cannot say more at this stage."

Mr Edwards was answering a question from Mr Keith Raffan, (Con, Delyn) who urged the Government to alleviate the

Thatcher attacked on S. Africa

OPPOSITION leaders yesterday fired the opening shots in what promises to be a sus-tained attack on Mrs Margaret Thatcher's attempts at the Commonwealth Prime Mini-sters' conference in Bermuda to prevent the imposition of economic sanctions against South Africa.

South Arrica.
Mr Peter Shore, Labour's
Shadow Leader of the House,
accused (he Prime Minister. still in Nassau-of indulging in "extraordinary and damaging antics" and then adopting an apparent change of stance He called for a Government statement to explain. Mrs. Thatcher's apparent accept-ance of the view of other Commonwealth leaders on Sunday night that some economic pressures should be applied to South Africa and then her "scornful dismissal" of the same agreement a lew

of the same agreement should be made before the Commons debates the imposition of sanctions against South Africa tomor-

row. To laughter and cheers from To laughter and cheers from the Government benches Mr John Biffen, Leader of the House, accused Mr Shore of showing "a little unnatural bellicosity" in his description of the Prime Minister's "stout championing of national interests."
Dr_David_Owen, leader of

the Social Democrats, urged that the debate should be postponed until Mrs Thatcher could be present to answer for the fact that she had now acepted the econemic same-tions package first announced by President Ronald Reagan several months ago.

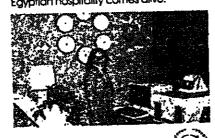
He stressed that it was not customary for her to be so hesitant in following the line laid down by the U.S. President.



ON BUSINESS IN EGYPT...

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Peter Riddell on outcomes of a hung parliament

IF AT the next general election no single party wins an overall majority there are at least 19 different hypothetical outcomes during the ensuing parliament ranging from variants of coalition and minority governments to dissolutions at vary-ing times and constitutional

crises. The hung parliament question is again a live topic, at any raie among certain politi-cians, academics and commen-tators. It has already been the subject of a radio discussion and is due to be the main item in two television programmes in the next 10 days. The immediate cause of this

interest is the series of speeches lative programme in the subthe conference by Dr David Owen, the SDP leader, and Mr David Steel, the Liberal leader, which raised the question of what might, and should, happen in a hung, or as they would prefer, balanced

parliament.
The other parties regard this as self-serving froth—in Mr Nei' linnock's words putting the type into hypothetical.
In short, by talking about the possibility of a hung parliament, the Alliance and commentators may make it more likely to

Nevertheless, even though a general election is at least two years away, the questions raised are of more than merely academic interest.

academic interest.

The chances of no party winning an overall majority in the Commons are now greater than at any time in the past 50 years.

Much the most likely outcome of such an impasse is a minority government formed by the party which made the largest gains of seats from other parties—followed within less than a year by another election producing a clear majority.

1923, 1924 and in 1974. In those cases the previous governing party had been the clear loser

and there was no immediate alternative to a Labour minority administration. The current assumption-and in the absence of a written constitution it is no more certain—is that the Queen will send for the leader of the opposition party with the most certain and party with the most certain and party with the most certain party with the seats, not votes, once a prime minister has resigned. Moreover, this gives the party leader the initiative. If he or she wins approval for a legis-

because of an unwillingness of the other parties to precipitate all will be well. What happens if, say, Mr Kinnock forms a minority Labour Government and he is defeated at the end of the Queen's Speech debate? Will the monarch then grant him a dissolution which would enable him, who has never been een-dorsed by the Commons, then to go into an election with all

the advantages of being an incumbent prime minister? That is the heart of the current debate. Dr Owen and Mr Steel argue that dissolution should not be an automatic right. In their view no party leader should initially accept more than a conditional commission from the monarch to see if a government can be formed with majority support from a number of parties.

Consequently, no request for dissolution and a second election should be made until the possibities of negotiation for a majority have been exhausted.

majority.

This view has been challenged
This is what happened in as breaking new ground by



David Owen, left, and David Steel: putting the hype hypothetical, says Neil Kinnock.

party leaders and constitutional authorities. They note that the monarch hmas not refused a prime minister a dissolution for over 150 years. Such an action would put the monarch in the centre of fierce controversy as Sir John Kerr was, as governor general of Australia, when in 1975 he dismissed Mr Gough Whitlam as Prime Minister.

Historians and constitutional authorities who are close to the Queen's advisers reject the the Queen's advisers reject the idea of a conditional commission and believe that in practice a dissolution would only be laxed view, arguing that for the refused to a prime minister of first time the existing rules a party which had just been defeated at a general election. He or she could not have a second go, though this has never happened.

Once a prime minister has and appearing however unfairly to take sides.

Most politicians take a relaxed view, arguing that for the saxed view, arguing that for the would apply and each leader would be given one chance to would be given one chance t

Once a prime minister has passed the stage of having a Queen's Speech approved by the Commons, there is no dispute that whenever afterwards a dis-solution is sought it will be

granted. That was the general belief in 1974. The constitutional authorities recognise the anomaly of a

party leader whose programme has not been ratified by Parlia-ment but they argue that the monarch would almost certainly not refuse a dissolution. This is because of the overriding desire of the monarch and her advisers to avoid being embroiled in partisan controversy and appearing however unfairly

diate leaders have also that the absence of party lieved overall majority temporary and

phase before a return to phase before a return to majority government.

More difficult questions are raised if Britain is entering a long term phase where no party has an overall majority. This might require a change in the rules and parties would have to provide the majority with get used to negotiating with

each other.

Dr David Butler of Oxford University, suggests in his book "Governing without:

Majority" that it might therefore be desirable for the Palace to make known that anyone being asked to form a government would receive the seals of office only after being endorsed by the Commons and that a by the Commons and that a request for a dissolution would be given only in response to a vote by the Commons. But that the 1990s, if at all, rather than after the next election as the

Alliance wishes.

The political implication is that Labour, as the probable alternative minority government, may have an advantage if there is a hung parliament. after the next election. Kinnock may be able to determine the timing of a subsequent election and behefit as Lord Wilson did in the 1964 to 1966 and 1974 episodes.

His hope is that the Alliance will be squeezed in a later election. In short, the response to an inderisive election in 97-88 is likely to be cautious following tamular precedents on the part both of the monarch and the politicians. Only after later elections may new constitutional practices

apply. As Dr Butler points out "politicians will improvise and set their own precedents as they attempt to solve each immediate difficulty in their own or their parties' interest." As ever, constitutional niceties will matter less than self-interested calculations.





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How GEC was put on the spot

By Bridget Bloom, Defence Correspondent



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0800-35.35.35

THE GEC GROUP, one of Britain's biggest defence contractors, is finding itself at the sharp end of the Government's new policies for defence contracting. Tougher terms are being negotiated under the company is having a There was an early strike at British Aerospace, which suphard time just now; they also plied the airframes (now long plied the airframes (now long provide many of the reasons provide the airframes (now long provide the airframes (now long provide the airframes (now long provide the airframes of the provide the airframes (now long provide the airframes (tracting. Tougher terms are being negotiated under the The projects are:

personal instructions of Mr Peter Levene, the new chief of Defence procurement at the MoD, with the result that big contracts have been held up.

At the same time the company — which with its Marconi subsidiaries has well over £100m business a year with the

f100m business a year with the MoD — has met widespread public and parliamentary criticism. Last month, the public accounts committee. Parliament's watchdog on public spending attacked the management of Britain's Torpedo programme, jointly controlled by the MoD and Marconi Underwater Systems, while the Commons select committee on defence, as well as individual MPs and defence critics, have exposed and lambasted delays and cost overruns in the early which is exposed and lamoasted delays and cost overruns in the early warning radar system, which is being developed for the Nimrod aircraft by Marconi

concerned, and more unusually GEC itself, have started moving on to the offensive, refuting on to the offensive, refuting many of the charges made.

Not all GEC contracts, of course, are contentious. But it so happens that four major projects contracted with GEC companies over the past 15 years and between them involving long-term public investment of between £6bn and £7bn are currently an important focus of

The individual companies

• Nimrod AEW. Delays and cost overruns on the radar system of the Nimrod early warning aircraft have been highly publicised over the past

Britain ordered the II Nimrod aircraft, based on a Comet airframe, in 1977 in preference to participating in the Nato funded Awacs (early warning and control system) aircraft which are now in service in Europe. The cost of such participation is put at about £220m, or about £500m in today's prices. Nearly £1bn in today's prices. Nearly fibn has already been spent on Nimrod; at least f150m needs to be spent before it reaches a minimum operating capability while a further f300m could be needed to bring it up to the full standard originally required by the RAF.

The first Nimrod aircraft was originally intended to fly with the RAF in 1981, with the full squadron in operation by

full squadron in operation by 1984-85. Even if the negotiations currently underway between the MoD and GEC Avionics are concluded, as is hoped, by the end of the year, it could well be 1988 before the first aircraft is operational and 1990 before the full squadron is in the air.

A host of problems have ing long-term public investment of between £6bn and £7bn are currently an important focus of Government attention. These projects not only highlight

A host of problems have beset the Nimrod project over the years, some of them agreed and some still disputed between the company and the MoD.

tal was the split in management of the project: there was no prime contractor in industry.

BAe being responsible for the alrirame, and Marconi Avionics for the radar and electronics systems. This split was mirrored within the MoO.

Both sides admit privately that the divided management has proved a key ingredient in the disaster. In addition, senior executives in GEC admit, so far only privately, that their own management was poor. However, more fundamentally, the company appears to have underestimated the problems which would be met in developing such a complex new mission avionics system. (This went unquestioned by the MoD.) In retrospect, it is easy to see that Marconic was unlikely to produce a new British radar in only half the time it took Westinghouse the U.S. company, to develop the Awacs radar system.

In February this year, Air Chief Marshall Sir John Rogers, so far only privately, that their

chief Marshall Sir John Rogers, who as Controller Aircraft is responsible for the project, admitted that the mission avionics could take two more prosests a devalue and that even avionics could take two more years to develop and that even then it would not meet the full standard required by the RAF.

Today the position looks even worse than that, as in-service dates of 1987-88, for the first few aircraft only, are being talked of.

Mr Peter Levene, the new completion of development, to an agreed standard, of the mission avionics. Highly unusually in British defence con-tracting, no payment will be made until development is complete and the standards agreed with the RAF are met.

rinancial times paturday October 19 1900

Torpedoes The PAC and the Commons
Defence Committee have examined Britain's torpedo programme several times in the
last few years but the PAC's
report last month was probably
its most critical. It said the
wohle torpedo programme, for
which Marconi Underwater
System (MUSL) is the principal
contractor, is expected to cost
£5bn (at 1984 prices) by the
mid 1990's—a sum which ePter
Levene in evidence had descritical as staggering.
It outlined the three torpedo The PAC and the Commons

It outlined the three torpedo programmes in MUSL's charge. Tigerfish, the heavyweight torpedo, originated with the MoD in 1959, was taken over by Marconi in 1972, and is reported as still only "expected to lead" to a "usable weapon "for the navy after 25 years of development.

Sting Ray, a new lightweight weapon for which Marconi won a fixed price contract in 1981 for the remainder of development It outlined the three torpedo

the remainder of development and an initial production of 250 weapons, is described as being at the "difficult transition stage at the "difficult transition stage between development and pro-duction." The PAC questioned the wisdom of the MoD pro-ceeding to a productiou contract "before all the development problems had been solved."

problems had been solved."

The contract for Spearfish, which will ultimately replace Tigerfish, was won by the company following a competition with the U.S. Adcaptorpedo in 1981. Its development, the PAC said, quoting the MoD, was "generally on schedule" but it was still not possible to say whether it "would arrive on time."

WISL and GEC have both MUSL and GEC have both

publicly refuted the PAC's conclusions. In particular, they accept that while there were early failures on Tigerfish, they say these stemmed principally from the divided management of the project. Since the company has become nightally the prime contractor. virtually the prime contractor (it still does not apparently have full control over the torpedo batteries) problems have been overcome and the weapon is now working well artillery control system, and cever, over the present state of favoured supplier, it would have sting Ray. The position appears to call in a number of company to be that after almost a year sting Ray. The position appears to call in a number of com-to be that after almost a year panics at an early stage to ask and the personal intervention not only what was available off of Mr Levene, negotiations are now nearing completion for a contract which would give the company the main production terms of their export markets. The equipment would then be produced at a fixed price of chosen competitively.

Some £350m over five years.

There are, however

The contract could turn out unique in both the size of the order — done to bring down costs — as well as in the rigour of the payment terms. In contrast to the Nimrod and the family of torpedoes the Foxhunter radar for the Air defence version of the Tornado aircraft and Bates the computer system for the army's artillery — have been difficult but are now nearing solutions. Bates is even described as a "mini-success" by Bob Long, the commercial director of Marconi Command and Control Systems, thanks to the successful conclusion earlier this month of pagating. the successful conclusion earlier this month of negotiations on a £100m plus contract for final development and initial production of the system.

BATES-the battlefield artillery target engagement system
is interesting today partly

because it is a classic example of both the old and new style of defence contracting.

The army now admits that the project was badly managed. It acknowledges that it was asking too much of BATES (in the jargon "gold plating" it)

while the company accepts that it underestimated the com-plexity of producing what the army required. Negotiations between the

MoD and the company re-MoD and the company reopened a year ago: in the deal
just concluded the army has
agreed to scale down its
requirements, while the company—now made prime contractor—will deliver to a named
date, suffering financial penalties if it is late. It is believed date, suffering financial penalties if it is late. It is believed,
delivery will begin at the end,
of 1988, 20 years after the
army formulated its requirement. The equipment will
actually be entering service
between four and five years late
and will, according to the army,
have cost more than £200m; have cost more than £200m, apparently a doubling, in constant terms, of the late 1970's estimates.

Foxhunter AI 24 radar It is difficult to reconcile accounts of what has caused accounts of what has caused the delays on Foothunter, although both the Defence Ministry and GEC Avionics, the company responsible for the project, agree that negotiations aimed at resolving the differences are now nearing completion, with a fixed price contract for the completion of pretract for the completion of production the goal.

So what are the lessons? First, all the contracts illustrate the problems and practices which the new policies of competition are designed to attack.

They all illustrate, for example, the inadvisability of the widespread use of cost-plus contracting—the practice whereby the contractor is paid. his full costs plus a margin of profit by the MoD no matter what the state of the project.

Cost-plus contracts provide no incentive for a company to produce on time, nor even to specification: certainly, they have been an open-ended invitation to the armed services to change specifications as work

Ciplan The

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The MoD's ideal today is the fixed-price contract, arrived at through competition between the largest possible numbers of companies. There are some notably successful examples so far — £100m was cut off a £750m production contract for armstred exchicle for new armoured vehicle for the army, while the Air Force saved some form on its new jet trainer.

Another key element of the new policies is the so-called car-dinal points specification: in-stead, for example, of the army specifying to the smallest d-tail what it wanted from its new actillary control system, and There are, however, broader

uncomfortable lessons. In retrospect, it would clearly have been cheaper and more efficient for Britain to have joined its allies in buying AWACs, rather than "re-inventing the wheel," as one official put it. An even more-important question is whether successive British Governments. should have created an inde-pendent torpedo industry. Marconi Underwater Systems has been built into a monopoly manufacturer in a £5bn programme in only 20 or so years.
Would it not have been better for governments either to have insisted on the joint development of a European

development of a European torpedo or even to have bought U.S. weapons, manufactured under licence, with appropriate offsets in the UK?

The argument against that often heard from industry but results subjected to relations. orten heard from mansury data rarely subjected to rigorous analysis — is that Britain must retain a wide range of tech-nologically capable independ-ent defence industries on the grounds that its ability to fight a war could be comp too many of its we from abroad.

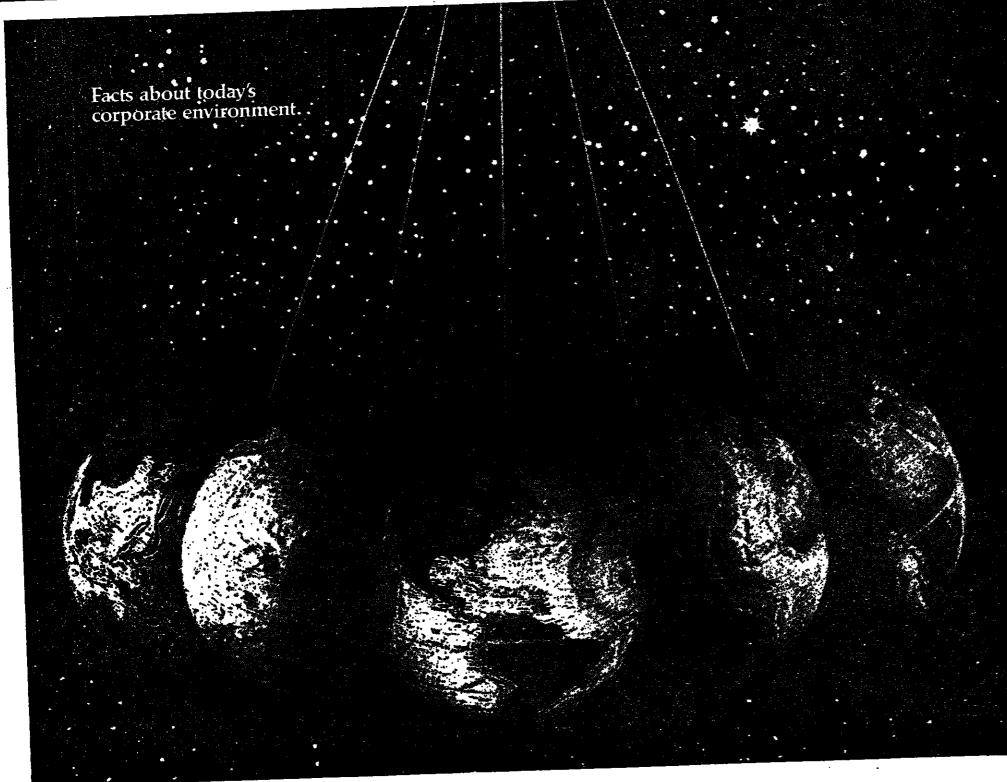
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The second secon

ground of world-wide overcapa-city. But the closures between

them caused 1,100 redundan-cies and an unusually sharp

political reaction. Courtauld's management, led

by its chairman, Sir Christo-pher Hogg, were summoned to

appear before a special session of the House of Commons

Select Committee on Welsh

Affairs, at Delyn Borough Coun-

cil's headquarters in Flint, to

pany to "do everything possible

to mitigate the consequences of

alleviation measures from Courtaulds of unprecedented generosity, including the

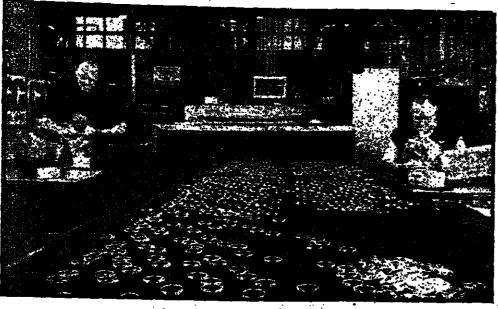
immediate transfer of the two

sites totalling 150 acres to Delyn and Wrexham Maelor borough

councils, and removal of dangerous wastes in order to

The result was a package of

FT REGIONAL REPORT



Clwyd

AROUND BRITAIN

COURTAULDS textiles group announced last April the close-ure of its remaining two major plants in Clwyd — the Greenfield viscose staple fibre and tow plant at Holywell and its Wretham actate ware fortune. The impact of recession has brought frustrations and job losses on a large scale. Now the county has developed Wrexham acetate yarn factory.
The reasons for closure were a significant stake in a number of important new industries familiar enough. The company blamed a long-term trend of deand is attracting increasing foreign investment clining demand for the output of both plants against a back-

Adapting to change

REPORT BY ROBIN REEVES

Having closed two major its workforce. During the 1960s plants in the mid 1970s and the area was faced with a sharp instituted other major redundancies, the company was widely perceived as finally abandoning an area where, over the years, it had enjoyed enormous financial benefits and staff explain their actions.

The Prime Minister, Mrs
Thatcher, following a visit to
Clwyd, also called on the com-

But it also reflected a wider frustration. For the past five years the county has been try-ing to overcome the impact of the single biggest industrial redundancy in post-war Europe
— the 8,000 jobs lost with the ending of iron and steel making at the British Steel Corporation's Shotton works.

That is on top of the general impact of the recession, which has resulted in the disappearance of another 13,000 jobs.

The Courtaulds redundancies were a cruel reminder that the allow their early redevelopment and the creation of new jobs. The furore partly reflected general anger at Courtaulds' failure to provide for the future by investing locally in new products and processes. About 20 years ago, Courtaulds employed over 7,000 workers in what is county still has a long way to go before it can re-establish a

Adapting to economic change country, the results have been is nothing new to Clwyd, or to impressive.

the area was raced win a snarp contraction in another traditional pillar of the local economy — the coal industry. But in the prevailing economic climate of the time it was highly successful in attracting in the coal industry. new light manufacturing indus-

Effort Indeed, a decade ago, when the new county of Clwyd was created to administer the for-mer shire counties of Flint, Denbigh, and a small part of Merioneth, unemployment stood at just over 4 per cent. Far from being an economic problem area, Clwyd was distinctly buoy-

The end of steelmaking at Shotton triggered a sustained effort to rebuild the county's economic base and, compared with many other parts of the

10 A fast

County—

nearly 10%

over the last

growing

ant, with a significant net inflow

Clwyd has developed a significant stake in a number of im-portant new industries and seen growth and recovery in some longer established ones. Moreover, it is attracting an increasing amount of foreign invest-

The record might have been even better. The county was very unlucky not to win the potentially biggest inward investment project to be attracted to the UK in recent years: Nissan's new European car assembly plant. Clwyd was just beaten to it by the north east of

Even so, according to the Welsh Office, manufacturing in-vestment in the county since vestment in the county since 1980 is on course to create 8,000 new jobs and has safeguared over 4,000 others.

But it is a depressing reflection of economic life in Britain today that unemployment in the county is continuing to rise. About 2,000 more young recole

are currently leaving local schools in search of work each year. Job losses are also still occurring in the country's older-

established industries.

The Courtauld's redundancies The Courtauld's redundancies are expected to push up the county unemployment rate to nearly 19 per cent, or over 25,000, with male unemployment up to 22 per cent or nearly 18,000.

nea ly 18,000.

The big problem that Clwyd faces is how to step up the rate of new job creation. There are no quick or obvious answers. The economic infrastructure has been dramatically improved over the past five years. Thanks to physical links now made with the English motorway network. the English motorway network, Clwvd's attraction as an industial base, not far from the geographical centre of indus-trial Britain, is becoming increasingly appreciated.
So too is its proximity to

Manchester International air-port, now only about 40 minutes away by motorway. At Clwyd's own Hawarden airport, plans for a Dublin service have also just been announced.

completion over the next five years, notably the final sections of the A55 expressway across the county from east to west, and further improvements in Wrexham's road links, will help the process still further. Plans are also in hand to establish a further crossing of the River Dee, near Connah's Quay, which will not only greatly improve communica-tions with north west Clwyd but also open up a major new area for heavy industrial deve-

appreciation of the wide range of graduate research and deve-lopement skills available to the area from the seven universities that lie within a few hours

CHANGE

The county's own North East Wales Institute of Higher Education, grouping five colleges and 13,000 students, has also been a model in terms of arranging its activities to meet the changing economic needs of the community it serves. It has led a number of important initiatives, most recently the New-tech Centre at Deeside Industial Park.

At Wrexham, the foundations are being laid for what the county hopes will become a technology park specialising in medical products. It is adjacent to the new district hospital and planned. private facility.

Clwyd's battle to rebuild its economy does not go on in isolation, however, and more recent Government policy changes have not always been heloful to its efforts. In July 1983, the Government gave Flint, one of the communities hardest-bit by rising unem-ployment, a big economic stimulus by designating 293 acres to the west of the town as opment an Enterprise Zone which is be-There is also a growing coming a new pole of industrial

attraction in the county.

But much of the zone required demolition work and land clearance and valuable

time was lost because of a sudcapital expenditure. Last November there was a big cutback in regional develop-ment assistance aimed at saving £300m a year in regional grant aid by 1987-83. The county was hit not only by the abolition of Special Develop-

ment Area status, which the Deeside and Wrexham travel-towork areas had gained in resbut also by the removal of assisted area status altogether from some rural parts of Clwyd.

Compete

Besides these changes, assisted area status was extended to the Telford and Chester travel-Clwyd must compete for mobile investment projects.

The county is one of the most agreeable development areas, able to offer industry the top rates of regional and industrial grant and access to European Coal and Steel Community Funds. Its designation as an EEC integrated operations area to concentrate all the Commu-nity's financial resources on the county's problems, is also under

active consideration Even so, local authority offi-cials remain understandably worried about what they des-cribe as central Government's "ambivalence" towards public sector involvement in encourag-

ing industrial recovery.
In fact the public sector has played a key role in Clwyd's Industrial regeneration drive. The Welsh Agency, with its two local flar-ships. Deeside Industrial Park and Wrexham Industrial Estate. is still the main supplier of

industrial sites and premises. The Deeside Enterprise Trust, set up with a mixture of public and private sector backing by BSC (Industry) to handle its grants and loans scheme and help to steer new jobs into the area, has also played a useful

The companies it has helped in a significant way promise between them to provide more than 4,000 jobs by 1988.

But no less important has been the work of Clwyd County Council's economic development division and the district authorities consider the second of Council and the council of t rities, especially those of Delyn and Wrexham Maelor, which have acquired the staff and administrative procedures administrative procedures necessary to respond ouickly and efficiently to industrial inquiries. They have also been significant providers of serviced land and small premises.

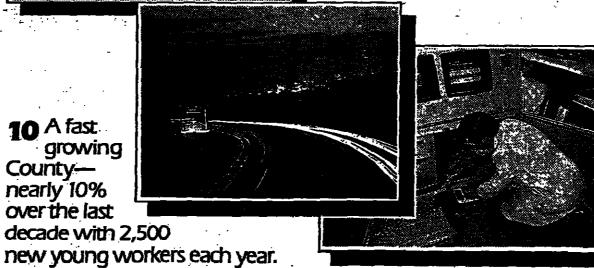
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CLWYD. 2

FOREIGN INVESTMENT

A Japanese boost for jobs

known Japanese companies, to establish its first European Sharp Corporation and Brother manufacturing operation to Industries, have decided to set make electronic typewriters last up large factories in Clwyd in March. This was after a detailed the past 18 months, adding to study of alternative locations, the country's growing number and it increased to three the of foreign-owned companies.

At the latest count there are panies in Clwyd. now nearly 50 overseas-owned "We chose Wrexham because manufacturing companies in it is in the middle of Britain, Clwyd, employing between them because of the good reputation some 5,000 people or 4 per cent of the Welsh workforce, the of the county's workforce.

About half have arrived in the

Monsanto Chemicals, which chester international sales first went to near Wrexham in office," explains Mr Masao Kato, the early 1920s. The company's Brother's managing director.

150-acre site still employs The company is now completed in the company is not company in the company in the company is not company in the company is not company in the company in the company is not company in the company is now company in the company in the company is now company in the company in the company in the company is now company in the aspirin as well as a wide range of chemicals, about 80 per cent of which are exported to 96 different countries.

Others include British Lego
The rapid progress of the at Wrexham, the UK marketing arm of the Danish toy manustrated the ability of Clwyd and facturer, and Lithgow Saeka-phen at Buckley, a German-owned company specialising in industrial anticorrosive linings industrial anticorrosive linings the needs of inward-investing and coatings. Both have also companies.

Brother's experience is echoed by that of Sharp been established in the area for many years.

The most recent arrival is seven months after its decision wideo-recorder factory at Llay,

a new dual-purpose sheet steel galvanising line is racing towards completion at the British Steel Corporation's Shotton works.

Scheduled to go into action

next spring, the new line is the second largest investment pro-

ject currently undertaken by the corporation. It symbolises the heartening revival in the

fortunes of Shotton steel since it suffered the closure of its

duction. It brings to around £100m the capital invested at the site over the past decade to

secure the future of what is described as the largest and most modern steel coatings com-

plex in Europe.

Despite the huge cutbacks in

its workforce, BSC Shotton continues to employ 2,200, making it still the country's second biggest industrial

Less certain is the future of

the other major steel works within the county—the GKN engineering steels plant at

Brymbo, near Wrexham
Although its reputation
within the industry is second
to none (it was one of the few

steel plants to have been voluntarily repurchased by the

private sector in the 1970s after renationalisation) the fear is

that it may be a victim of an

impending restructuring of the engineering steels industry

employer

Aerospace.

AN INVESTMENT of £30m in between BSC and private enter-

it suffered the closure of us iron and steel making capacity in 1980, with the loss of 8,000 jobs.

The new investment consolidates Shotton's position as the dates Shotton's position as the cattraction of oil from coal. It plans to make a start early rear.

number of Japanese owned com-

Fillancial Times Saturday October 13 1800

grants available, and the attractive package put together by Clwyd. It was also conveniently past 10 years. Clwyd. It was also conveniently
The longest-established is located in relation to our Man-

The company is now completing a 66,000 sq ft factory at the recently - designated Wrexham Technology Park, a 50-acre greenfield site surrounding the 17th century Croesnewydd Hall, on the town's western outskirts.

its district authorities, in this instance Wrexham Maelor Council, to move fast to meet the needs of Inward-investing

National Coal Board's Point of

Ayr colliery, near Prestatyn, one of just two pits left in the

county, is now completing a film drift tunnel designed to

Shotton Steel has benefited

Another is the domestic

manufacturers are increasingly

buying pre-painted sheet steel

one of Shotton's specialities-

rather than doing the painting themselves. Yet another example is the

motor industry, which is hoping to receive some 40 per cent of its sheet steel requirements in galvanised form by 1990, compared with only 10 to 15 per

cent as present.
The result is that whereas

Shotton's present two electro-galvanising lines were designed

primarily to supply the domes-tic appliance industry, the future growth in demand on

their capacity will come from motor manufacturers.

motor manufacturers.

Shotton's new coating line is designed to produce both hot dipped galvanised sheet steel, marketed by BSC under the trade name Galvatite, and a new product. Zalutite. This is a 35 per cent aluminium, 45 per cent zinc coated steel sheet, demicrated by the

developed and patented by the U.S. Bethlehem Steel Corpora-

company, Hilton Mining, has just moved into the former Firestone factory at Wrexham to manufacture a revolu-

tionary new underground roof support system, and an under

ground vehicle for the coal industry, which promise eventually to create 400 jobs.

The new steel roof system is the brainchild of mining

engineer and inventor, Allan Hilton. It uses a series of interlocking steel segments which, on the same principles as an aircraft frame, provide far stronger support than con-

ventional steel roof supports.

But, as well as allowing a reduction of one-third in the

amount of steel required to achieve the same strength, the

system incorporates another

important safety advantage.
This is a specially-designed erector which will allow miners to lever the arch sections into place without expos-

ing themselves to the danger of standing under un-supported rock — a serious

hazard during the installation of conventional roofing

sytems. Rock falls at the face

are responsible for up to 40

ner cent of mining accidents.

flexible manufacturing system

designed by the Cranfield

Hilton Mining will use a

Pre-painted

from the fact that, despite the recession, there has been a steadily rising demand for coated steet products. The building and construction demand is up 20; industry is a main growth area.

while, the company is already

building up local component suppliers, but in the long-term it intends that 80 per cent of its machines should have local content.

in production, thanks to the Welsh Development Agency's provision of temporary accommodation, and likely to meet its initial output schedule of 240,000 electronic typewriters

Surprised

Brother has chosen to recruit most of its local workforce straight from school. So far it has taken on 105 and by next year will be employing 160. Mr Kato is delighted with the results. "We had expected 10 per cent of our initial recruits to drop out, but there has not been one. Furthermore, we have been surprised to find that the dexterity and general capability of our young people is as good as in Japan," he said.

between BSC and private enterprise. A decision is expected corrosion resistance than pure of £5m has been spent on before Christmas.

where it is generally known as Galvalume.
Capacity of the new galvanising line will be over 200,000 tonnes a year and it will be

able to produce thinner and wider material than Shotton's

existing lines. But, it is due to replace four older lines within

BSC's strip products group, three of them at Shotton,

was a key element in the EEC Commission's approval of the

But the continually growing demand for BSC Colorcoat (pre-painted) steel,—for which demand is up 29, per cent this year, has prompted speculation

recently that the corporation may be considering further

Mr Eric Cotterill, Shotton's director, is cautious, however.

Whatever the market needs

in future the BSC coating lines

are sufficiently flexible to adapt to demand. If extra capacity is

sion will be seriously con-

Since the loss of its steel-making capacity, Shotton has been receiving its basic raw material—hot-rolled steel coil—

half from Ravenscraig in Scotland and half from South

But with the closure of Scotland's Gartcosh cold-rolling mill, announced in BSC's latest

corporate plan and due to take

effect next spring, more than 75 per cent of Shotton's demand for 10-15,000 tonnes of hotrolled coil a week will be supplied by Ravenscraig.

Shotton is also well-placed to fill part of the gap left by the loss of Gartcosh capacity. Not only is it conveniently located for many of BSC's major customers but it is also equipped to increase the convenients.

duction engineering centre incorporating robotic synergic metal inert gas welding. It plans initially to produce 5,300 metres of steel support

supplying 10 per cent of the National Coal Board's demand for roofing steel which is

worth £150m a year. The new vehicle is designed

to carry men and materials underground. It will be diesel powered, free steering

and one metre in width. Mr Brian Fowler, Hilton's managing director, explained that

this is appreciably smaller

than present underground vehicles, and will make it

more manoeuvrable, and able

to work in the narrower tun-

nels, often found in metal-

Wrexham, the company has also decided to manufacture,

under licence from a Cana-

dian company, Levit Safety, a tungsten balide miners'

headlamp powered by nickel cadmium batteries. It has

distinct advantages over the

existing miners' lamp in that

the nickel cadmium batteries maintain full power for 10.5 hours and, providing they are

recharged regularly, will last

Since opting to come to

liferous mising.

a week, with the ain

to increase throughput.

MINING EQUIPMENT

New invention

creating jobs

Wales, usually Llanwern.

eded in the future the provi-

investment in this area.

sidered," he says.

Closure of this older capacity

STEEL AND COAL

£100m revival at Shotton

But heavy investment is also going ahead in Clwyd's other historic industry, coal, with an eye to the potential energy needs of the 21st century. The

a year. It is still in the process of workforce straight from school. Sharp took up the offer of a special six-week training course

The general execution of the

been the best ever achieved by the company in its many overseas investment projects.
Also wanting to recruit its

> for potential recruits arranged by the North East Wales Institute. Again the management is delighted with the results.
> The video tape recorder is the most complex piece of electro-mechanical equipment to be found in any home. It

has four times as many com-

ponents as a television set, for

example.

Even so, the new Wrexham plant is already producing 10,000 VTRs a month and steadily building up towards an output of 20,000 a month within

the next year.

Another measure of the plant's success is that it has already amounced its first product diversification — into microwave ovens. The Wrexham

factory is now preparing to

strip mill in a programme which has included refurbishment of

(wo pickle lines, multi-stack annealing furnaces and a coil

finishing unit.

Modernisation is also the key-

note of the NCB's latest invest-

ment programme at Point of Ayr colliery. At the pit itself the sinking of the drift shaft has gone hand-in-hand with an

offshore seismic and drilling search for new coal reserves

which has extended up to three miles off the Clwyd coast and

already shown encouraging

it has a bright future abead as

a long-life pit yleiding some 600,000 tonnes a year, which will help add to the growing list of industrial customers. These include a number of major Clwyd majoracturers who have recently switched to

coal to cut their energy costs.

Clwyd's unique project, the oil-from-coal pilot plant, is expected to take about two

years to build. Processing 21

tonnes of coal a day, its task will be to prove the commercial viability of a liquid solvent

extraction process for producing transport fuel feedstock from

The board is confident that

results

internationally well- Brother Industries, which opted to go shead with the project near Wrexham. Mr Sadao manufacture 20,000 microwave.

Japanese companies, to establish its first European was first announced. But mean- Myamoto, the managing directory and the state of the companies. Myamoto, the managing director, says that the six months are another to meet the tor, says that the six months rapidly growing demand for the taken to complete its big new product on the Continent as well the complete its big new product on the continent as well to the continent as well as wel

factory deserves to go into the as in the UK.
Guinness Book of Records.

Further expan Further expansion is also under consideration at Floya project, to a tight timetable, has Lens, the first Japanese own company to locate in Clwyd. Since 1980, when the plant was first established, Hoya has opened a number of factories in other European countries, with the result that exports have fallen from 60 per cent to 10 per cent of the Clwyd

plants' output. Even so, Hoya has strengthened its position in the UK, where it now claims a 10-15 per cent share of the

market.

Hoya's Wrexham management is optimistic that the plant may be selected as the site for a new plastic blanks factory to meet the growing demand for plastic lenses in

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coal, developed by the NCB research station at Cheltenham.

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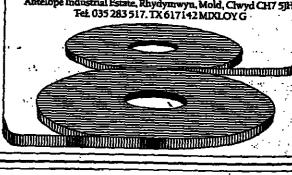
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exacting specifications from 50kg up to tonnage quantities.



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CLWYD 3

NEW TECHNOLOGY Innovation centre opens its doors

The branchild of the North East Wales Institute of Higher Education and Clwyd County Council, Newtech is designed to provide industry in Clwyd with a comprehensive and accessible centre for industrial innovation.

It forms an integral part of a high-quality Welsh Development Agency campus-style property complex built to offer units from 500 sq ft to 1,000 sq ft to companies wanting access to Newtech's resources. "We are marketing this site as a total environment for innovation," stresses Dr John Allen, managing director of Allen, manging director of Newtech (Clwyd) and Dean of the 90 strong Research Division of the North East Wales Insti-

tute (Newi).

Newi's research division already has an excellent record in translating fresh ideas from the laboratory to the market. It is particularly noted as a centre of practical contract research for the food-processing industry and it also does much of the non-destructive testing work required by RSC at Shottom

BSC at Shotton.

Newtech will offer small and companies immedium-sized companies im-mediate access to a wide range of research and development skills and equipment and assistance in the task of trans-forming ideas into commercially viable products and

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NEWTECH, the new industrial innovation centre at Deeside Industrial Park, described as the largest Phase I science park development in the UK, opens its doors for business in two months' time.

The branchild of the North East Wales Institute of Higher Education and Clwyd County Council, Newtech is designed to

ness opportunities, particularly in marketing and technology transfer. Newtech has also concluded an agreement with the Nomura Research Institute of Japan to report on collaboration between report on collaboration between industry and technical education in both Japan and the UK. It follows a provisional agreement between Gunna University in Japan and the North East. Wales Institute to foster co-operation in higher education between the two countries.

These interretional labe will These international links will clearly give added strength to the contribution Newtech can make to the local economy. But

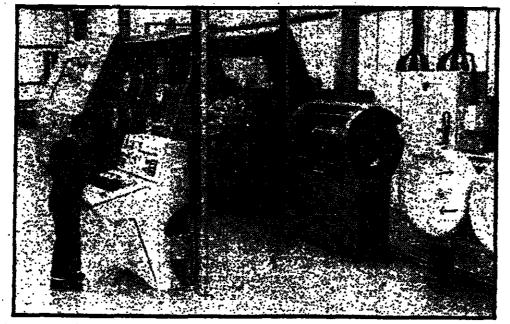
make to the local economy. But Dr Allen stresses that it is already proving its worth. Although the Newl staff have yet to move to the new centre, the publicity surrounding its the publicity surrounding its birth has already resulted in 70 inquiries from local companies, 50 of which have resulted in work for the Newtech team. The associated WDA accommodation has also attracted its first tenant, one which is typical of the type of business venture Newtech is anxious to attract. Biokits, a subsidiary of the Grand Metropolitan Hotels group, is developing and marketing biotechnology test kits for the rapid analysis of food adulterants.

ally viable products and processes.

Through Clwyd Council's Economic Division it will also help companies to obtain finance for research and product development work and provide more general financial aid.

But the base for innovation assistance will not just be Clwyd. Newtech is also a founder-member of the new tits food adulterants.

Using techniques first developed in the medical world, Biokits aims to provide public health analysts, local authority trading standards officers and food retailers with rapid means of checking-that edible products are what they say they are and are not contaminated with any other substances. It expects to create: 20 jobs over the next three years.



FIBRE OPTICS

Huge new market waits

EUROPE'S largest optical fibre manufacturer, Optical Fibres, on Decside, is preparing to make a second-generation product early next year.

This new fibre seems destined This new fibre seems desuned to give a dramatic new boost to Clwyd's already large stake in the technology, described as the most significant development in telecommunications transmission since the inventions of the technology.

besides Optical Fibres, Clwyd is the centre of the Pilkington glass group's growing optical fibre activities which are now divided between two county-based subsidiaries: Pilkington Fibre Optic Technologies, at Bodelwyddan, and Pil-Security Systems, at

Optical Fibre's new product is a single-mode, dispersion-shifted fibre developed by Corning Glass, the U.S. company which, together with BICC, set Optical Fibres's Deeside plant two years ago as an independent volume producer for the European market.

By changing the wave length of operation the new fibre can send a signal over much longer distances without electronic distances without electronic boosting British Telecom, in recent

tests using a commercial laser, setting found that the new fibre could ment

undersea comunications cables. The implications are still be-

ing thought through by the telecommunications industry. But at present undersea com-munications require exceptionally strong cables, heavily rein-forced with steel, not least to allow them to be hauled up from the seabed for the repair and maintenance of either cable

or repeaters.
But the unboosted signal distances possible with the new generation flore opens up the feasibility of underwater com-munications links being established by island-hopping.

Even the Atlantic may be

crossed more economically by way of the Faroes, Iceland and Greenland, using optical fibre cable and land-based repeater stations, than by existing cable communication systems.

There are also implications for land-based telecommunica-tion links. Norway is already examining the possibility of modernising its trunk network by simply laying a coastal underwater optical fibre cable

system to link its towns and villages, in preference to laying new land-based routes. Many other martime countries could find the idea equally attractive.

Not that the Decside plant is exactly anxiously searching for over £lm in a new facility at the latter of the la over £1m in a new facility at Bodelwyddan which is concennew markets at present. As Mr David Harper, Optical Fibres's marketing director, admits, current sales are determined by trating on the manufacture of short-distance fibre links, between computers and other office equipment, and optical the amount of fibre the plant

Since its initial investment of £17.5m the company has spent a further £5m to double production capacity to 200,000 km of fibre a year. It is now hoping to produce 300,000 km and, says Mr Harper, further uprating of the plant company to the the plant could eventually raise its output to between 400,000 and 500,000 km a year.

Bright future

This could still prove a relatively small output by world standards. The U.S. already has two plants each turning out Im km a year, which must create Pilkington Security Systems at Denbigh is expanding the application of optical fibres to further economies of scale.

But Mr Harper is confident that the Deeside plant has a bright future, provided it spreads its market throughout Europe and takes full advan-tage of its access to the pace-setting research and develop-ment of the technology

found that the new fibre could transmit a signal over 240 km achieved by Corning Glass.

Twithout a repeater, (compared topical). Fibres's, main, custometristic range for a tometrist first-generation fibre of 40 km. Telecom. Under an investment programme which began early dependent on the control of a size and programme which began early dependent on the commercial market.

Apart from cutting the cost last year BT is expected to use and increasing the reliability of up to 100,000 km of single-mode fibre over the next four to five years to update its trunk.

telephone system. But this year Optical Fibres also secured the first BT order for multimode fibre for updat-ing the junction systems that inter-connect local telephone

BT's junction cable system has been designed to incorporate 16 fibres, each capable of carrying 120 simultaneous phone calls and giving a total transmission capacity of 960

Even greater capacities are possible. Optical Fibres claims that the fibre is good enough to transmit four times as many calls, given replacement of the electronic equipment at each

Optical Fibres's challenge on the Continent is the fact that other European markets are three or four years behind the UK in their use of optical fibre communications, so only about 10 per cent of sales are destined for the Continent this

But next year the total Con-tinental market is expected to double at the least, compared

FOOD PRODUCTION

Co-op expands cereals range

THE COMMISSIONING of one of the largest-ever manufacturing investments by the Cooperative Wholesale Society (CWS)—an £8.5m breakfast cereals factory—is now under way on Deeside

Industrial Park. The days are long past since the CWS manufactured everything for the network of UK co-operative retail societies and their 9m members. But, in contrast to other major retail groups, the co-operative movement still believes that it should continue to make a select range of staple foods.

Two years ago, its researches identified break-fast cereals as a market growing at 2 per cent per annum, and one where demand seems certain to remain at a high level for the foreseeable future.

The new highly-automated plant, of 85,000 sq ft, is designed to produce a comprehensive range of breakfast cereals, from fiake products and their nevelty (spray-coated) offshoots to nueslis and crispbreads.
All but the mueslis are pro-

ced using the latest cereal

has cut the time it takes to produce, say, cornflakes, from eight hours to 15 minutes. Each cereal product varies partly according to the mix of ingredients, but also according to the combination of pressure and heat applied and extruder die design.

Decide was chosen as the location for the project because of its good distribution links and closeness to the CWS Manchester headquarters. A spokesman stressed that the sife was also attractive from the social and fluancial points of view—the Welsh Office awarded the pro-ject, which is to create 160 new jobs, substantial selec-tive financial assistance.

Deesside Industrial Park's value as a food distribution centre has already been underlined most spectacularly by Iceland Frozen Foods, its first tenant. Iceland has grown from a small two-man business in the early 1970s, into a publicly-quoted company with more than 900 employees, a 1984 turnover in excess of £65m and 90 frozen food stores, all serviced from Iceland's 1.25m cubic ft Dec-

The state of the s

ELECTRONICS

Clean room count lower

UNE OF the most advanced clean room environments to have been so far created in Europe has just been commissioned at Rexham (UK)'s Wrexham plant, which manufactures specialist plastic film-based laminates and coatings for a wide range of industries.

Built to Rexham's specifica-tion by T. H. Dixon at a cost of £1.5m, it is providing an environment with a particle count of under 100 per cubic metre of air, for a new, specially designed 1.5 metres laminating and coating machine. Partiele counts at the coating head are one order of magnitude lower and beyond reasonable measure. beyond reasonable measure-

is designed to allow the company to meet the ever tightening specifications of the electronics industry, where Rexham is well estabwhere Rexham is well estab-lished as a manufacturer of laminates for flexible printed circuits. These are based, in the main, on copper-polymide laminates and they have been in growing demand in mili-tary, telecommunications and domestic appliance applica-tions, where saving space is of high priority.

Exports

been such that fibre can now compete with conventional copper systems over distances as short as 200 metres.

as short as 200 metres.

This can be particularly true of systems requiring the installation of new ducts or the use of existing ducts which are already tightly crammed, with wiring or pipes. New smaller-diameter multiway fibre cables can do the job.

Dillington Security Systems

high-security fencing and leak-age warnings systems for cryo-genically-stored liquids, while Pilkington PE at St Asaph has

recently begun a new diversifi-

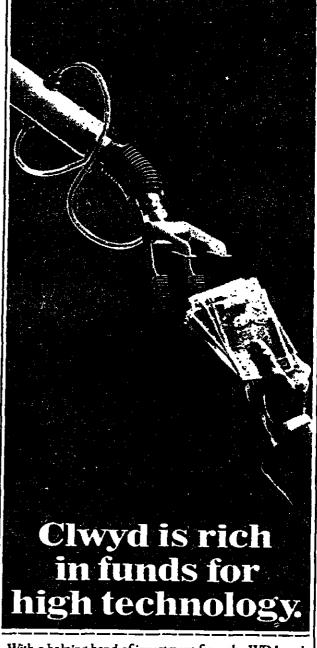
Using the skills it has ac-

cation.

The company's output of copper laminate has grown by 50 per cent over the past two years. Combined with its other laminates and coatings business, it has lifted the company's turnover to some 15m half of which is continuous. £9m, half of which is coming rom exports.

Ultra-clean room conditions Diffraction room conditions are also a top priority at Data Magnetics, a major new film computer disk manufacturing venture which has just moved into a 50,000 sq ft Welsh Development Agency advance factory on Decside.

Founded by a syndicate of venture capital and industrial investors led by 3i Ventures, and due to come on stream early next year, it will be the UK's first manufacturer of high density the first 2 circumstances. and 5.25 in Wind for the computer industry.



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The 23rd July, 1985 was a historic day for

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علاطعد The AX-10 undisputably shows that British workmanship and Japanese technology are a potent combination The compact AX-10

inswers the acute demand for a fully electronic model for home use. At a price you would expect to pay for a manual or electric typewriter. Naturally, being a true Brit, the AX-10's

character is fauldess. For it incorporates a daisy wheel cassette which gives you the pristine letter quality print usually confined to the office

While the AX-10's ribbon is encased in a handy plastic cassette. Easy to change, it will also leave your largers ink free.

Thanks to its built-in 40 character correction memory, you can confidently resign any bordes of correction fluid to the waste paper

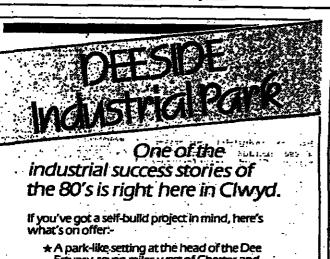
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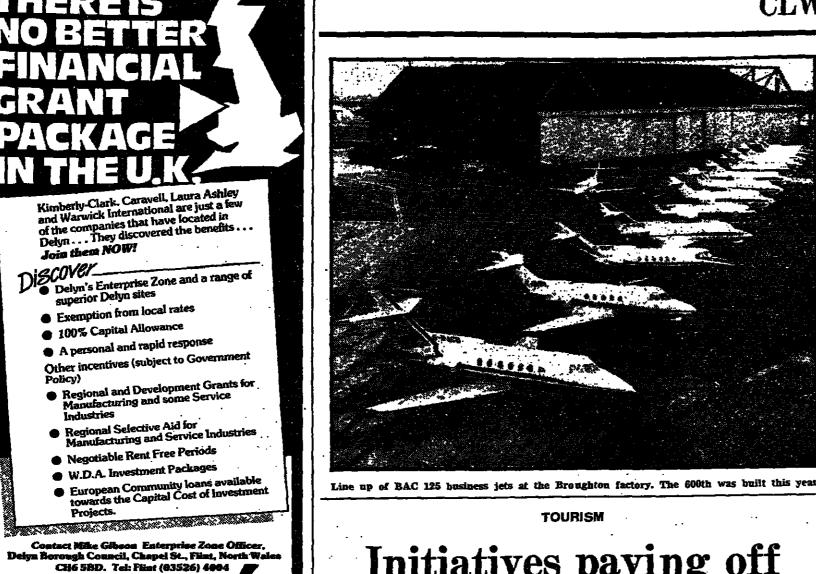
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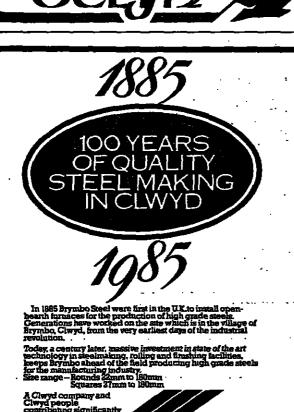
6 miles from the A5, 'A miles from Wyraness and Shrewsbury.

The house has been in Lord Taylor's family for nearly 100 years. It is assily menaged, extensively modernised and wall maintained it has an assily menaged, extensively modernised and wall maintained. It has an a time the state of the state of

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Initiatives paying off

THE National Portrait Gallery beaches and mountains of has announced that Boedel-Gynedd Every tourist resort's mightnere is the once popular resort of New Brighton, on the maninesia. become the gallery's third out- Wirral peninsula, which now station. (The first two are in attracts few visitors. Somerset and near York.)

on permanent display, among played by Rhyl's local authority, them the gallery's extensive collection of works by the 19th investing £4.5m to build its now Century portrait painter George Frederic Watts. The subjects include one of Clwyd's most distinguished past residents, the Liberal Prime Minister William

The new gallery will not open until Easter 1988. Extensive structural is first required to restore the area of the castle to be occupied by the gallery to its Victorian grandeur and provide lecture theatre for the benefit of local schools. But it is already clear that it

will attract visitors from a wide catchment area and provide a stimulus to tourism in Clwyd. Tourism in the county originally developed as a somewhat

downmarket affair. The mushroom growth of caravan parks along the north coast and the concentration of its main resorts, Rhyl and Prestatyn, on accommodation created a profitable industry in

But until recently there was a danger that the area might become increasingly neglected by people who were becoming accustomed to the higher standards of accommodation growth areas of the UK tourism market—the short-stay and winter breaks.

There was even a worry that the improvement in the A55, far from boosting the tourist trade, might encourage many visitors to speed past Rhyl and

beaches and mountains of craft, is now the subject of Gwynedd. Every tourist resort's further studies.

Omerset and near York.)

Up to 100 paintings will be
Much still needs to be done.
But thanks to the boldness disfamous Sun Centre - a lot of money for a district authoritythe crisis of confidence has

> The Sun Centre quickly established itself as Wales's most popular tourist attraction. It now receives about 500,000 visitors a year to its wide range of entertainment and leisure facilities.

It also demonstrated vividly that Clwyd could restore its tourism industry to better health and enable it to make a much-needed contribution to new job creation in the county, given adequate investment.

Craft workshop

Other successful initiatives have followed, notably a craft-workshop and display centre at Rhuthin which has succeeded in attracting more coach and carborne tourists inland. But more projects are on the

way. The county council and the six district authorities have begun the task of thinking out in particular, making a list of developments suitable as can-It was not preparing for, or promoting itself in the main growth areas of the ITE to the state of the ITE to the ITE be a planned marina at Rhyl, which has already been identified by the Wales Tourist Board as an appropriate northern terminus for a chain

of marinas around the Welsh coast.
This project, which would

Another is the Greenfield valley, Holywell, which contains a unique blend of industrial archaeological and historic remains as well as rich fauna and flora. Delyn Borough Council is developing it into an

attractive Heritage Park
The industrial archeological
resources of the eastern side of the county are also exceptionally rich notably the popular Llangollen canal.

Plans are in hand in association with the British Waterways Board to refurbish the Trevor hasin, near the Froncysyllte Aqueduct, and to provide mooring facilities for overnight stays at Llangollen

The county council has also launched in Llangollen a European Centre for Folk Studies, capitalising on the town's unique international reputation in the world of music. Clwyd sees as one weakness in

the furtherance of its tourism industry a relative shortage of good quality hotels, though the position is better than it was a few years ago. A Warrington brewery group, in particular, has been investing in hotels in the county and

improving their facilities. There is also hope that a new site at Ewloe, at what is now a strategy for the industry and, at the gateway to Wales, will attract a new hotel development which would be associated with a tourism information centre and touring caravan park. Meanwhile, the county has

joined forces with the Chester Marketing Board. The historic Cheshire town is a key attrac-tion for foreign tourists and tion for foreign tourists and the improvement of Clwyd's aisle 135-179-seat A320 version tourism resources will offer chester's hotels the opportunity five airlines—the largest previsitors to speed past Rhyl and This project, which would to persuade overseas visitors to the Clwyd coast and on to the offer space for up to 500 sailing extend their stay.

AEROSPACE

THE FIRST set of wings for the is planning to build up production from eight sets next year our future remains reasonably to a peak of 66 sets in 1989.

"As long as we are efficient our future remains reasonably to a peak of 66 sets in 1989.

Financial limes Saturday October 19-1200

"This factory has a reputa-tion for never falling to meet its delivery dates," Mr. John Gilbanks, Broughton's general manager, said proudly.

Early delivery will provide BAe's Filton factory near Bristol with some valuable extra time to complete preparation of the wings before they are delivered to Toulouse, France, for final assembly. The first A320 is scheduled to take to the air in March 1987.

The Clwyd factory's reputa-tion for meeting its deadlines applies not only to the total of 365 airbus wings produced there since BAe joined forces with France and West Germany to build the first European wide-bodied airliner to break U.S. dominance of the world market. It also applies to Broughton's other main manufacturing activity-production of the BAe 125 business jet.

A total 616 125s have been produced since this aircraft was introduced in 1962 and demand continues unabated. The company recently announced an order for a further 10. This enviable record means that BAe's Clwyd factory is now one of the few left in the world still producing whole areoplanes. The remarkable success of

both aircraft has helped to ensure that the aerospace industry remains an important industrial and technological motor for the Clwyd economy.

Advanced

Broughton has some of the world's largest and most advanced manufacturing jigs and automatic rivetting machinery. Its 60 ft milling machines for the wing skins (it has just purchased a third at a cost of £3m and is now refur-bishing its first two) are the largest in Europe.

Besides providing valuable subcontract work for local companies it remains a major employer in its own right. BAe Broughton's workforce was recently cut by some 500. Even so, with some 4,000 employees, it remains easily the country's largest single employer, a position it assumed after the sharp contraction of the steel industry.

The Broughton factory was built in the late 1930s as a dispersed "shadow factory" for large-scale aircraft production, and its 1m sq ft floor area made it the largest factory of its kind in Europe.

Airbus wing production began in 1962 and since then the factory has produced 275 sets for the 240-345-seat A300 and 89 sets for the 210-265-seat A310. With the order book for both versions still heavy, the factory expects to produce a further 30 to 40 sets for each type of air craft over at least the next two to three years.

launch order book of any of the Airbus series. So Broughton

The latest BAC 125 business jet-the series 800-is not only bigger than the original version. It is fitted with the latest digital avionics and navigation equipment and its range has been extended to more than 3,000 nautical miles (twice its original range), enabling it to fly non-stop across the Atlantic or the U.S.

All the parts for the 125, except the engines and "pods," are made and assembled at Broughton. Those destined for the U.S. which accounts for more than half the aircraft's sales and where, despite keen competition, the 125 still enjoys a 27 per cent share of the business jet market, are sent across the Atlantic "green" and fitted out locally to the customer's specification.

Those for the rest of the world market are completed, down to the last seat cushion, at the Clwyd factory.

Besides these two major projects. BAe at Broughton also handles BA 146 avionics and furnishings installation on behalf of Hatfield, component manufacture for the Jet Stream. tenance and refitting centre in its own right.

Airbus wings on time

bus — the A320 — were ceremonially removed from their huge its at British Aerospace's airline (apart from Concorde) industry is mountable from their huge its at British Aerospace's airline (apart from Concorde) industry is mountable from their thing the airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from their the A320 will be the first airline (apart from Concorde) industry is mountable from Concorde) airline (apart systems for military alrerandamong the many aircraft to carry Pilkington PE's systems have been the U.S. F16 and F18 combat aircraft and the Nimrod

and Tornado.
Pilkington PE also makes a special solar slide material for protecting space Satellite selar cells from damaging radiation. This has been selected for most U.S. and European military and civilian communications satel

A relative newcomer to Clwyd's acrospace industry a Cyanamid Fothergill, estab-lished at Wrexham in the safty 1980s as a 50-50 joint venture between American Cyanamid of Wayne, New Jersey, and Fother-gill & Harvey, a Lancashire company which was moving into high-performance materials.

high-performance materials.

Although mainly concerned
with the manufacture of
advanced composites of resincoated carbon and glass fame,
cyanamid Fothergill also groduces expanded aumilians
honeycomb and even garbon fibre fishing rods. It has just achieved the breakthrough has long been working for hy the aerospace industry official recognition by both Bouing and the European Airbus con Mr Gilbanks is optimistic. tium as a componenta suppli

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PAPER AND PACKAGING

PAPER, packaging and forest at Saltney Ferry, the Swedish highly automated plant has a prospective customers are now products proved a valuable MoDo Consumers Products workforce of just 240, manning tied into long-term contracts source of industrial growth and Group has just put the finishing an integrated production profor imported newsprint.

Shotton plans to establish domestic outlets for all its probegan wrestling with the prob-lem of the loss of iron and steelmaking at the British Steel Cor-poration's Shotton works.

Easily the biggest investment project won by the county in the past five years is the Shot-on Paper Company's giant new \$135m integrated thermonechanical pulp and newsprint nill on Deeside.

This new investment by Fin-'and's United Paper Mills group began production last May, beralding a historic revival in British domestic newsprint

But it is not the only signifi-cant development. Not far away,

and expansion programme at its Clwyd factory. The new invest-ment at the plant, which makes a wide range of household paper products, is aimed especially at meeting the fast-growing UK market for disposable nappies. At Gresford, near Wrexham, Metal Box has just invested more than £2m in a new factory to meet the rapidly-rising demand for PET bottles.

On the Wrexham Industrial
Estate, the Swedish packaging group, Tetra Pak, is investing a further £15m to double output supply a UK newsprint market of its packaging systems over the next three years. It brings to £37m the capital invested in

the site since the company arrived in Wrexham in 1979. Also in Wrexham, the U.S.owned Continental Can company is investing a further fifm to provide a fourth can-making line at the plant to meet the needs of the fast-growing British market for canned beers and soft drinks. The company has already invested £25m in the

plant, which began operations in 1980. At Chirk in the south east of the country, the chipboard manufacturer Kronospan has just complted a £10m expansion, to increase its output by some 45 per cent.

The decision by Finland's United Paper group to build a major new pulp and paper mill on Deeside was all the more welcome since it came at a time still fresh in many people's

minds.
But it is a measure of the dramatic change in the tech-nology of the industry...and an Some of the initial output is bottles. explanation of the relative eco-points of the two mills—that Port to as far away as Indo-the Shotton Paper Company's nesia. But this is because many number of food manufacturers.

The Ellesmere Port plant, on duction as the supply contracts the other hand, still had 1950s come up for renewal, technology and its closure

While these are still early

created 1,600 redundancies. Although the new Shotton mill's direct manpower is small, it is calculated to have created

forestry.

S.Sm cubic metres a cubic bas been the increasing avail metres by 1998. which in recent years has been 75 per cent supplied by imports. The Shotton site is conveniently located between its main sources

of raw material supply—the forests of Wales and southern Scotland. tury of planting by the Forestry aging.
Commission, both areas are beginning to yield substantial quantities of timber.

Mr Kevin Lyden, United in which Metal Box clair Paper's local director, points the leading supplier.

Out that Deeside is also within easy distance of the main UK

The company's original tory at Gwersyllt is also tory at Gwers newspaper printing centres. Manchester, Liverpool and Birmingham are not far and even Fleet Street is only five hours' drive away by heavy lorty.

Long-term

Output from the plant is now running at the rate of 450 powder and carpet cleaners tonnes a day. But it is expected Metal Box has just begun prowhen the closure of Bowaters' to rise to between 550 and 600 ducing a new type of bottle. Ellesmere Port paper mill was tonnes a day by next year or an using a laminated material annual output of around 200,000 known as "Lamicon," designed tonnes, about 16 per cent of to penetrate sectors of the food annual UK newsprint consumpcontainer market previously

While these are still early days in the life of Shotton Paper Company, provision has been made for a second produc-tion line on the Shotton site: another 1,200 jobs indirectly— not least because the amount of some 200 in transport, 200 in timber available from domestic paper distribution and 800 in forests is due to increase from

Metal Box's decision to build a second factory in the Wrex-ham area reflects the sharp growth in demand for PET bottles for carbonafed bevera-ges. These clear, lightweight, plastic bottles have won a major foothold in the UK soft drinks cotland. trade and are now making in-After more than half a cen-roads into cider and beer pack

> Currently, PET bottles account for over 9 per cent of the total packaged beer market in which Metal Box claims to be

> The company's original factory at Gwersyllt is also being expanded into its main extruded bottle making facility, following the decision earlier this year to close its Portsmouth factory.

Besides producing a wide range of containers for house hold products such as washingup liquid, shampoos, talcum closed to conventional plastic

TECHNOLOGY

DTI asks for study of mains signalling

Leatherhead, the electrical research organisation, has been asked by the Depart-ment of Trade and Industry to study mains-borne signalling

For 30 years, electricity authorities have been using their own grid system to send operating information be-tween control centres and power stations, so the subject is far from new.

ject is far from new.

More recently industrial systems have been appearing for controlling electrical loads, heating systems and other equipment from a central point. There are also several systems on the market that provide speech communications over ring main wiring in all kinds of premises including houses.

The technical problems centre ou the fact that the wiring involved is designed to carry 50Hz mains power, not information signals. There have been difficulties with not information signals. There have been difficulties with interactions between systems using the same cables and domestic speech has "leaked" from one house to another over the street wiring. Elec-

THE UK market for profes sional personal computers will continue to show sound growth although at a slower rate than hitherto. With half a million PPCs already installed, it probably has the capacity to absorb a further two million machines

trical noise is also trouble-

These are the chief — and optimistic — conclusions of the most recent reports from the specialist consultancies studyspecialist consultancies study-ing the market for personal computers costing \$1,000 and more. The reports also show substantial agreement on the size of the UK market for these computers and the share taken by each of the major manufac-

computers costing \$1,000 and more. The reports also show substantial agreement on the size of the UK market for these computers and the share taken by each of the major manufacturers.

Romtec of Maidenhead, Berkshire, estimates that some 180,000 units were shipped in 1984 of which 25 per cent were IBM machines, 15 per cent Apricot (formerly ACT), nine per cent Apple and six per cent Epson.

Intelligent Electronics of studies, Romtec says IBM will have 17 per cent on the size of the UK market for these in second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says IBM will have 36 per cent with Apricot says them will have 36 per cent with Apricot says the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says IBM will have 36 per cent with Apricot says the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says IBM will have 36 per cent with Apricot says the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says in the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says in the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says in the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says in the second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says in second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says in second place (17 per cent) and Apple third (8 per cent). Olivetti will leap into fourth place. Intelligent Electronics says intelligent per cent and Apple and Apple and Apple third (1 per cent). Ol

Intelligent Electronics of According to Romtec: Paris, France, says that 190,000 units were shipped with IBM again taking a 25 per cent share. It estimated Apricot's share relative position is not expected Intelligent Electronics of

س

DIC

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Flat race with a big prize

seems bound to sweep all before it, and it is that vision which drives the continuing quest for a flat, full colour, high definition television display.

Most of the big electronics groups with TV interests are believed to have teams at work. The latest to make a research announcement is Philips, hard on the heels of Matsushita, which announced prototypes of a 10 inch diagonal tube earlier this year.

this year.
In the data display area, it looks as if liquid crystal dis-plays will win in portable machines. Thorn EMT's recently-announced Liberator, for example, is a £750 "knee-top" text processor with a Toshiba
display measuring about
14 x 3 x 1.0 inches with
480 x 128 picture dots.
For high definition colcur TV

reproduction, the cathode ray the dimension, the wider the tube remains the elegant solution technically, provided something can be done about its front to back dimension. A typical 22 inch diagonal tube has about the same depth, Electron beams are more making TV cabinets rather easily bent if they are less bulky. A receiver that could be energetic, but then they do not hung on the wall, it is generally produce enough brilliance on agreed, would sell like hot the screen.
Cakes.

One appro-

rectangular picture. The electrons come from three separate colour "guns" pointing at the screen and

Geoffrey Charlish on how the promise of rich rewards is spurring attempts to develop flat screen televisions

grouped centrally behind it. They are accelerated so that when they hit the screen in a tiny dot, they give up their energy as red, green or blue light.

But the closer the gun is brought to the screen to reduce

THE FIRST company to put a sive horizontal lines in colour screen, but close to and parallel 22 inch flat screen colour television on to the shop shelves brain interprets as a complete

The electrons leave the sum The electrons leave the gun

na makambana mengebakan dia mengebahan dia <u>mengebahan dia panggan dia panggan dia panggan dia panggan dia pa</u>

The electrons leave the gun with low energy and immediately encounter deflecting plates. With a fairly small voltage, these plates can, deflect the beam over the width of the tube along its bottom edge.

At the lower horizontal edge a reversing lens turns the electrons through 180 degrees and sends them upwards. They pass over the front, vertical face of a set of plates which basically are a series of horizontal strips of metal set one under another across the tube face.

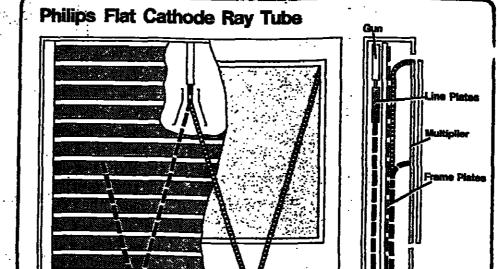
The electrons continue to execute a horizontal scanning motion, but voltages on the plates divert the electron beam outwards a line at a time, so it scans the face of the tube to produce a raster in just the same way as the beam in a normal cathode ray tube. normal cathode ray tube.

The remaining problem is to restore energy to the beam so that it produces enough brilliance for TV viewing when

it strikes the light-producing phosphors on the tube face.

The answer is to use an electron multiplier, a device which accepts small numbers of electrons and multiplies them. A series of plates of in-creasing voltage attracts the electrons and they strike them. reasing voltage attracts the sion. Instead of using three guns, the picture-forming (scanning) The plate surfaces are made the new approach uses only one the tube is that a weightless beam of electrons can be scanned over the tube face with relative ease, painting succes.

The technical attraction of the form the picture-forming (scanning) The plate surfaces are made the new approach uses only one and colour differentiation does not occur until the electron scanned over the tube face with relative ease, painting success.



increases the beam current which in turn raises the bright-ness level when the beam finally

hits the screen.

A successful 12-inch mono chrome tube only three inches thick has been demonstrated in the Philips laboratories at Sal-fords in Surrey, and the team is now working on a colour ver-

ing of instructions.

Three separate scans are used, each scanning at three times normal rate and maintaintimes normal rate and maintaining standard TV picture rate. By applying voltages to specially shaped exits from the multiplier, the beam can be deflected to fall on red, green, or blue horizontal stripes, one for each picture line, as called for by the video information.

A two-inch demonstration model has been built, but Philips gives no hint about when a full sized production model might emerge.

Instruments

Romtec notes: "More sophis-ticated sectors of the market

will be making a choice between local area network and multi-

user system configurations.
During the remainder of the decade, de facto standards will emerge for multi-user operations.

in

Looking at the UK market for

multi-user

By contrast, the Matsushita approach is to use a number of electron sources disposed over the tube face, feeding about 3,000 picture cells which are, in effect, tiny individual cathode ray tubes. (This page, February 22 1985.) The small deflection angle means the tube depth need be only four inches.

Both these designs are complicated compared with a normal cathode ray tube and neither company has said much about prices. Matsushita has already demonstrated a 10-inch unit.

EDITED BY ALAN CANE

sofeware is the integrated pack age 1-2-3 from Lotus which combines an advanced spread

combines an advanced spread-sheet with graphics and data-base handling.

There are, in fact, four princi-pal software categories— integrated packages (which encompasses spreadsheets to a large extent) word processing, data base and administration.

Distribution channels are Distribution channels are tightening, however, the report warns. Competition is forcing reduced margins and service and support demands on the parts of the users and dealers are increasing.

ing system and local area net-works. Most of the leading software products will become The report warns that many distributors supply very wide ranges of off-the-shelf software which they do not have the resources to support. They are finding it difficult to maintain cash flow and profits when their personal computer software, Intelligent Electronics says that users' demands are more developed than elsewhere in Europe, chiefly due to substantial computer awareness, ease of access to the latest U.S. software technology and an active and home-grown software parish for the state of the latest U.S. software technology and an active and home-grown software paris 45 35 4383.

ALAN CANE

The good news is FERRANT Selling technology

Electronic eye comes to the UK

MACHINE VISION systems made by Cognex Corporation of Massachusetts are to be distributed in the UK by Intertrade Scientific of Milton Keynes.

Basically such systems are Basically such systems are untiring, accurate and rapid substitutes for the human eye. They use a television camera to capture images which can then be analyzed at high speed for dimensional and shape characteristics. On a production line, for example, they are used to identify items which do not conform and send a signal to a line diversion gate which a line diversion gate which rejects them.

The main applications of Cognex systems in the U.S. have been automatic reading (character recognition) inspection.

The company claims to be a leader in the machine recognition market in the U.S., where their 11 contenders hold about 90 per cent of the market which was valued in 1984 at \$80m.

Fisher Controls buys PSystem

CAP, the computer systems house, has made its first UK sale of PSystem to Fisher Controls at Lewisham in London. Fisher is a leading international supplier of process control equipment for the oil, chemical, energy and defence industries.

defence industries.

PSystem is screen, keyboard and computer replacement for Fisher's present paper-based method of keeping track of production and stock. It is specifically designed to cope with the "make to order" and "custom build" nature of Fisher's business. Fisher's business. Installation has already begun and the £120,000 system will be introduced over the next 18 months with

some 60 terminals.

Consultants forecast changes in the league table

as 17 per cent and Apple as 11 to change in the foreseeable In 1985, Romtec says that 216,000 units will be shipped against Intelligent Electronics

estimate of 260,000. The proportions taken by the major manufacturers are very similar, however, in the two studies. Romtee says IEM will

"Apricot's relatively poor showing compared to IBM can be largely explained by its inability to break into the corporate marketplace. The lack of a direct sales force and the small size of many of the vendor's dealers is a major

It goes on: "Apple and

Commodore are responding-differently to the erosion of their late 1970s market share. Apple have taken IBM head on with an alternative technology and standard (MacIntosh tech-nology), but suffer in much the and standard (MacIntosh technology), but suffer in much the same way as Apricot by not cracking the corporate market."

"Commodore's launch of an IBM compatible range may be seen as being too little too late."

Romtec's reason for belleving current installed base of over the UK market can absorb another two million machines is based on evidence that by midnor for 90 per cent of all microcomputers: "The eight bit will continue to fade away and suil continue to fade away and real 32-bit processors will become increasingly significant towards the end of the period."

Significantly enough, Intel launched its true 32-bit microprocessor the 386 last week at the same time that IBM and

Notice is fierably given that pursuant to the provisions of the Loan Terms the eighth redemption schedule for January 1. 1985 will be effected by repsyment of the Groupe No. 7 and 10 drawn by iot on October 9, 1985 comprising all Bonds still in circulation of DM 1,000 each in the numerical order from 050.001-

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(A) Mitchell

Control of the contro

Frankfurt am Main In October 1985



40 members of the working population. Overall, of the 1.4m business establishments in the UK only 11 per cent had installed one of more micro. The figure varies from 3 per cent for very small busine to 95 per cent and more for very large organisations.

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BASE LENDING RATES

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Management

of the market up to 1990 will be Texas the increasing share occupied announcing chips and boards to by multi-user systems—34 per enable personal computers to cent of the number of units inbe networked easily together. cent of the number of units installed and 54 per cent of the value: "This effect will be balanced by the decline of the transportable and the increasing value of low cost portables." Transportables means portable computers which can be

carried more comfortably in a car boot than in the hand. Portables are increasingly described as lap computers, small enough to fit into a brief case and easily used on train or aeroplane. Romtec believes that by 1990

available

versions."

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PROFITS

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profitability.			
	1984	1985	Δ%
Key figures 1 st Half (in millions of French francs)	-26:166	28.848	+102
Sales	2.041	32577	+ 200
Cash How	786	1.038	7 02
Net Profit			

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- streamlining of less profitable activities.

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The following is a summary of the unaudited results for the six months ended 90th June, 1985.

สาราชายุ สู่ปลุ่งสัมพิวัสเปลี้ (พ.ก.ก. 2004) สาราธิบันเทาตั้

Consolidated behaves sheet at June 30 (before profit appropriation)	1986. \$1000	1984 \$'000
ASSETS	÷.	
Property interests	•	
Tangible fixed assets - Properties Financial fixed assets	203,685	216,737
- Mortgage loans receivable - Other accounts receivable	24,500 - 2,000	17,100
Total property Interests	230,185	233,837
Correct Assets		
Other receivables and prepayments	6.094	6.047
Bank balances and deposits	7,084	9,873
Total current assets	13,178	15,920
Total sesets	243,363	249,757
LIARE (TIES		
Sherebolders' equity		
Shere capital	57,1 66	54,444
Reserves before profit appropriation	131,428	122,434
Total Sharsholders' equity	188,594	176,878,
Long term debt		
Mortgage loans and notes	28.250	29.558
Capitalized lease obligation	676	12,945
Total long term debt	28,928	42,503
Mandity Interests	10,405	9,670
Provisions		
Deferred taxation	2.564	8.154
Deferred legal and selling costs	2.146	2169
Total provisions	5,710	8.323
Current Exhibities	9,728	12,383
•		
Total Sabilities	243,363	249,757
Consolidated profit and loss account for the		
6 months ended Jose 30	1986	1984
••	\$1000	\$1000
Property interests	• .	(restated)
Reptal and other income troop properties	20.414	19.320
Other income	558	461
Interest income - mortgage loans receivable	1.134	765
Property operating expenses	(11,6739	(11,596)
Interest expenses - mortgage loans payable	(1,330)	(1.392)
Not income from property interest	9,103	7,558
Fees and general expenses	(1,355)	(1,138)
Texas	(125) 226	(106) 742
Interest theorie – bank balances and deposits Exchange adjustements	(166)	122
Profit before misority interests	7,786	7,178
		4-4

Sanstreek is a property investment holding company which invests in completed income-producing office buildings and shopping centres in the United States. Net assets at 30th June 1985 were \$ 188,6 million, equivalent to \$ 38,72 per share, before making any deduction in respect of dividends for the year.

(605)

7,181

Anority interests

Net profit for the 6 :

The significant improvement over the comparable results for the same period in 1994 and the updated internal forecast of the full year's results, which is at the disposal of the board, indicates that a satisfactory return should be achieved for the year. The Board continues to believe that attractive buying apportunities will be available. The Company's conservative thencial position should permit it to take advantage of these opportunities when the unrease.

he interim report together with the full text of the report of the rk Board, may be obtained from the Company's head-office in

6,694

ABN Bank
Ailied Dunbar & Co ...
Allied Irish Bank American Express Bk. 11.
Henry Ansbacher 11.
Amro Back 11. Associates Cap. Corp. 12 Banco de Bilbao 11 Bank Hapoalim BCCI Bank of Ireland Bank of Ireland 111%
Bank of Cyprus 111%
Bank of Cyprus 111%
Bank of Scotland 111%
Bancue Belge Ltd 111%
Barclays Bank 111%
Barclays Bank 111%
Berchical Trust Ltd 121%
Briff, Bank of Mid East 111%
Brown Shirley 111%
CL Bank Nederland 111%
Canada Permanent 111% National Giro Bank ... National Westeminster Northern Bank Ltd ... Norwich Gen. Trust ... Cayzer Ltd. 111%
Cayzer Holdings 12%
Codar Holdings 12%
Charterhouse Japhet 11%
Choulartons**
Citibank NA 111%
Citibank Savings 112%
City Merchants Bank 111%
Ciydesdale Bank 111%
Ciydesdale Bank 111%
Comments Bank 111%
Com City Merchants Bank. 111%
City Merchants Bank. 111%
Clydesdale Bank. 111%
C. E. Coates & Co Ltd. 12%
Comm. Bk. N. East. 111%
Consolidated Credits. 111%
Continental Trust Ltd. 111%
Co-operative Bank. 111%
The Cyprus Popular Bk. 111%
Duncan Lawrie. 111%
E. T. Trust. 12%
E. T. Trust. 12%
Exeter Trust Ltd. 12%
Financial & Gen. Sec. 111%
Financial & Gen. Sec. 111%
First Nat. Fin. Corp. 121%
First Nat. Fin. Corp. 121%
First Nat. Fin. Corp. 121%
Robert Fleming & Co. 111%
Robert Fraser & Pirs. 121%
Grindlays Bank. 111%
Guinness Mahon. 111%
Sec. Provincial Trust Ltd.
Demand dep. 8%. Mortgage 13%.

W. O. Le un C.

Mou get a carass Kallyour la laise

Peachey Property Corporation plc

Total property assets pass £150m landmark in anniversary year

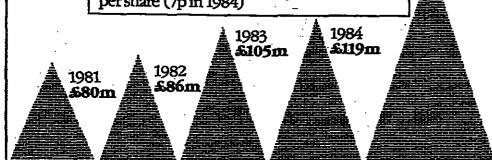
1985 sees the fiftieth anniversary of Peachey's foundation.

In the years since 1935, our enterprise has grown and flourished so that, today, we are one of the country's leading property companies.

If you would like copies of our Report & Accounts for 1985, please write to the Secretary, Peachey Property Corporation plc, 19 Sloane Street, London SWIX 9NE.

> Pre-tax profits up 23.7% to £10,290,000 Net rents increased 14.3% to £7,692,000 Total property assets increased to £154m Net assets per share up to 326p

Recommended total dividend 8p per share (7p in 1984)



APPOINTMENTS

BR property man

BRITISH RAIL PROPERTY
BOARD has appointed Mr
Douglas Leslie as deputy managing director following the retirement of Mr Peter Ambrose. Mr
Leslie moves from his previous
post as board member responsible for the estate management
portfolio. He is succeeded as
director estate management by
Mr David Lawrence, who was
chief estate surveyor (management).

JOHN WALKER & SONS has JOHN WALKER & SONS has made two board appointments:
Mr Alan Walden Jones, currently an export area manager for John Walker & Sons, joins the board as export sales director. He succeeds Mr Patrick Gillen who takes up a new position as managing director of John Dewar & Sons on November 1. Mr Citve Sins. John Walker's marketing systems manager, also joins the board on March 1 as marketing services director, replacing Mr Tony Oscroft who will become managing director of James Buchanan & Co. in April next yest.

THORN EMI COMPUTER
SOFTWARE has appointed Mr
Richard Orborne as vice-presidest responsible for finance and
administration, at its North
American subsidiary Thorn EMI
Computer Software (USA) Inc.

GRANARD COMMUNICA-TIONS has promoted Ms Penny Simpson to board director from associate director.

Mr Colin D. Thomas has been appointed associate director—corporate finance with THE ROYAL TRUST COMPANY OF CANADA. He was previously with BAIL

Mr John Meriey has been appointed by EMULEX COR-PORATION to handle its Persyst business in the UK. Since 1983 he has been sales director of Practica Computers, a minicom-



Ms Patricia Hodgson has been appointed secretary of the BBC working directly to the chairman and directorgeneral. She replaces Mr David Holmes, who has retired. Ms Hodgson has spent most of her career as a most of her career as a television producer. She became deputy secretary in 1983.

Sir John Read, who joined the TSB Group in 1980 as chairman of the central board and who has taken prime responsibility for the structural changes in recent years, has been appointed the first chairman of the new command to become overstimal recent years, has been appointed the first chairman of the new company to become operational prior to the flotation date in February 1986 (subject to Treasury approval). Mr han Fraser, who recently retired as chairman of Lazard Brothers, has been appointed deputy chairman. In recent months he has acted as financial adviser to the TSB central board on flotation matters. The five executive directors are:— Mr Philip Charlton, group managing director. He joined the group in 1947 and since 1982 has been chief general manager of the central executive. Mr David Thera, deputy group managing director. He joined the group in 1975 and has been deputy chief general manager of TSB Scotland. Mr Leslie Priestley, who joined the group in 1983 as chief general manager of TSB Scotland. Mr Leslie Priestley, who joined the group in 1985 as chief general manager of TSB England and Wales. Mr Derek Stevens, who has been appointed finance director. He joined the Group in 1981 as general manager finance. TSB group central executive.

general manager finance, TSB group central executive.
The 12 directors from the TSBs are:— Mr Neville Barkes, Mr Michael Chalcraft, Mr Bryan Corser, Mr Richard Ellis, Mr Peter Holt, Mr Geoffrey Hughes, The Earl of Iddesleigh, Mr Reginald Jeune, Mr Forbes Macrineau, Mr Kenneth Millichap, and Mr Stanley Rainey.
The seven independent directors are:— Mr David Backbouse, Mr Lyndon Bolten, Lord Bruce Gardyne, Mr Dendis Hamilton, Mr Peter Paisley, Mrs Jane Prior, and Mr Nigel Robson. Mr

Peter Rewland has been a ted secretary of the

Redemption Notice

Hamersley Iron Finance N.V.

8% Guaranteed Debentures Due 1987

Unconditionally Guaranteed as to Principal and Interest by HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of November 15, 1972 under which the above-described Debentures are issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on November 15, 1985, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, \$985,000 principal amount of Debentures of the said issue of the following distinctive numbers:

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The Debentures specified above are to be redeemed for the said Sinking Fund at the option of the holder (a) at the Receive and Deliver Windows of Chibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street—5th floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt (Main), Geneva, London (Citibank House), and Paris and the main office of Banque Générale du Luxembourg S.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with, a bank in The City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void. The Debentures specified above should be presented and surrendered at the offices set forth in the preceeding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due November 15, 1985 should be detached and

presented for payment in the usual manner. For HAMERSLEY IRON FINANCE N.V. By CITIBANK, N.A.

October 15, 1985

The following Debentures previously called for redemption on November 15, 1983 through the operation of the Sinking Fund have not as yet been presented for payment.

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct toxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. If Debentures are presented in the United States, please

The Seminar is designed for upper level management in banking, investment banking, money management, and treasury departments of multinational corporations. Subjects Covered Overview of Latest Developments in International Financial Markets Asset/Liability Management Financial Futures and Interest Options The International Money and Capital Markets

INTERNATIONAL FINANCIAL

MANAGEMENT & BANKING SEMINAR Loows Hetel, Monte Carle, December 9—13, 1985

Seminar Objectives
To examine the latest developments, tools and techniques in international financial management and international banking.
To develop a body of knowledge with direct application to the management of assets and liabilities on an international scale.

Training Coordinator, MERC, S.A. 85014-15410 Psychlon, Atlanta, Greece: Telex: 218396 MERC GR, Tel: 6811811-68



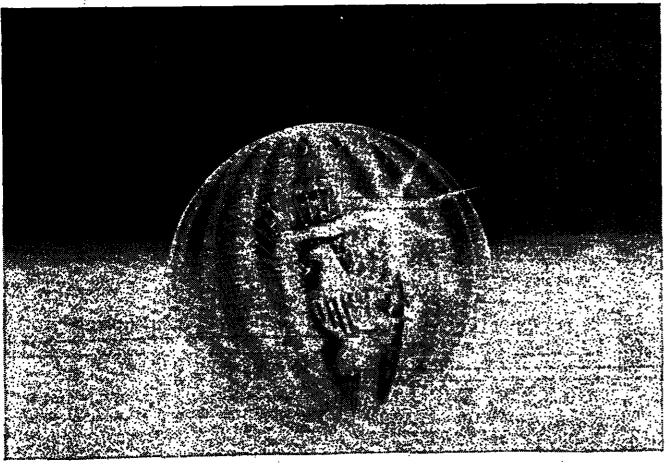
NOTICE OF PREPAYMENT THE MITSUI BANK, LIMITED

1985

£154m

Fleating Rate Certificates of Deposit issued 4th Decamber, 1921,
Maturity 8th December, 1986 Callable December, 1921,
Notice is hereby given in accordance with Clause 3 of the
Certificates of Deposit ("the Certificates") that The Mitsui Bank,
Limited will prepay all of the outstanding Certificates on 6th
December, 1985 at their principal amount.
Payment of the principal amount together with accrued interest
will be made on the prepayment date against presentation and
surrender of the Certificates at the London Office of The Mitsui
Bank, Limited, 34-35 King Street, London EC2V SES.
Interest will cease to accrue on the Certificates on the prepayment
date.

Merrill Lynch International Bank Limited Agent Bank 22nd October 1985

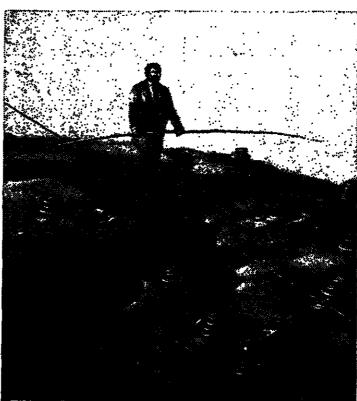


Time is mount Trust is gold. In New York, too.

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The bank you can trust.

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CBOE Currency Options offer an important advantage over all other currency options, too. European expiration. This allows for enhanced liquidity because options may be exercised only on the last trading day before expiration.

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pioneered listed options and offers years of experience in trading other exchanges can't

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Continental U.S. call (312) 786-7405.

THE OPTIONS EXCHANGE

THE MANAGEMENT PAGE: Small Business

FOUR years ago it seemed as if Penhaligon's could do no wrong. A former barber's business with roots reaching back into the Court of Queen Victoria, it had been transformed into a thriving, up-market perfumery enterprise based in the revitalised Covent Garden district of

central London.
The company owed its success to the energy and design flair of Sheila Pickles, 2 Yorkshire woman in her mid-30s, who in 1975 had bought the near-defunct business with financial backing found for her by Franco Zeffirelli, the Italian stage and film director, for whom she used to work. Apart from the Penhaligon's name, its prime asset was a collection of 19th Century scent formulas. By applying meticulous stan-dards to every aspect of design —products, labels, packaging, graphics, shopfitting, uniforms, carrier bags, mail order cata-logues and other promotional literature—she had created a business which could trade on

business which could trade on quality and exclusivity, charg-ing high prices yet command-ing an extraordinary degree of customer loyalty. From a near-standing start in 1975, sales were heading towards £500,000 by mid-1981. Profitability was on the rise, and the world's leading retriler were hammering on retailers were hammering on the company's elegant bur-gundy doors for the chance to stock its range of ultra-English Victorian and Edwardian per-

times, tales and soaps.
Therein lay the rub.
In early 1980 the company
still had just one retail outlet the Covent Garden shop. But over the next two years a breakneck expansion took place through a growing network of foreign agents and distributors. By late 1981 Penhaligon's products were being sold in about 30 American outlets, as well as some 50 shops in several other countries, including Canada,

Japan France and Italy.
As Pickles herself puts it in characteristically forthright terms: "We moved too fast —

we over-traded." The problem was not that Penhaligon's exclusivity was damaged — its products were not sold in more than one shop per town—but that the agents' re-think of its marketing terms ate heavily into its margins and cash flow (payment generally took two months). Heavy overseas promotional costs had to be incurred general contracts the marketing path she had provided not to be, and there was the added burden of startup costs for manufacture in marketing path she had been following was too narrow. She had become heavily dependent on agency distribution was the added burden of start-up costs for manufacture in a rented factory in London. The lack of control and narrowness end result was that a pre-tax of margins. To make that for-profit of almost £9,000 in the mula pay, the number of outlets



Sheila Pickles: outlets in exclusive places

Penhaligon's new formula

Christopher Lorenz on the revamping of the UK-based perfumier's marketing

had always been terribly effi-cient in certain areas, especially products design and the paying within five days. Except training of shop staff — but for a few retailers who would not in finance."

Pickles had also called in a management advisor, Peter shut down. Gorb, who heads the design Second, a management unit at the Business School and has con-

Pickles, Gorb and Ward were able to overcome Penhaligon's twice a year.

The resilience of the new problems underlined the fundamental strength of the business. But a complete re-think of its marketing strategy was needed, including strategy was needed, including to the company with its two marketing staff.

Fourth, the nascent planning and management accounting the current financial year next management accounting the consultancy.

The resilience of the new Penhaligon's formula is demonstrated by its dramatic recovery since 1983. By the end of the current financial year next management accounting the consultancy.

would have had to be increased into a thumping loss of almost still further, which would have \$54,000 just 12 months later. undermined the company's undermined the company's By the time the magnitude exclusive character.

of the loss became apparent Pickles had begun to encourage her new in-house book-keeper, Wendy Ward, to develop accountancy skills, and to produce budgets and projections for sales, cash flow, profits and so forth. Recalls Pickles: "We cut out intermediaries and buy distributed."

The reorganisation consisted of four main elements. First, all the wholesaling arrangements were renegotiated or dropped. The two prime U.S. outlets, Nieman Marcus and Bergdorf Goodman, agreed to cut out intermediaries and buy direct, taking delivery in the UK instead of the U.S., and agree to a similar deal, all other

Second, after a careful check on the sales volume and margin of each item, the product range siderable experience of retailing and small business.

The speed with which tightened sharply, with checks being run monthly, instead of the control procedures.

arrangements were gradually

and management accounting system was developed—fast. Three profit centres were estab-lished, and a formal annual lished, and a formal annual budgeting system and three-year plan introduced, with monthly meetings to assess performance against plan (and to amend plans if necessary).

Budgeting and accounting has gradually been computerized asserts with interest as about £1m, and profits to have \$110,000.

Though a continuation of this rate of growth is clearly in prespect for a time. Pickles is quite happy that the preservation of Penhaligon's exclusive

Finances have also been put on a much firmer footing. In 1984 accumulated loans of nearly £250,000 from the origi-

nal backers were capitalised into preference shares, and a medium-term loan taken out from Lloyds Bank under the British Government's loan guarantee scheme; the Penhali-gon's bank account was transferred to Lloyds from Natwest. along with an increased over-draft credit.

Underlying all these changes lay a very clearly defined new strategy of selling direct through both Penhaligon's mail order catalogue and an expanded range of small shops. Despite the high level of rents in central London and the handful of other cities round the world on which the company has set its sights, far higher margins can be earned than via wholesale distribution.

wholesale distribution.

In London itself, three new shops have been opened in the past two years—in Brook Street (Mayfair), in Burlington Arcade (off Piccadilly), and, this month, in Moorgate (the heart of the City). The plan foresees only one more UK outlet, in the Kensington area. Kensington area.

Kensington area.

In parallel with this controlled geographic expansion, Pickles is pursuing limited product diversification. To coincide with the City opening, a new range of products was launched, based on a scent called "Lords." And a new perfume has just been created to be sold under the label of to be sold under the label of "Joseph." an ultra-modern and highly fashionable international chain of fashion shops.

Pickles is confident that her current five-person management team can take the company through its next period of growth.

rowth.

The design initiative, and the first hard the execution, remains ackles's own, as it has always been, though she continues to make use of the skills of Madeleine Bennett, a graphic designer at the Michael Peters consultancy.

have more than doubled, to about £1m, and profits to have

Budgeting and accounting has vation of Penhaligon's exclusive gradually been computerised, character will impose natural and since last year the company's own in-bouse computer upon Penhaligon's as a family has been churning out complete business which is really enjoymanagement accounts, includable to rup," she says "I don't management accounts, includ-ing a full-year forecast, within seven days of the end of each Lauder."

Business expansion

rinancial times battura, October is 1800

Investors shun the smaller funds

BY WILLIAM DAWKINS

north of Blackpool are today disappointed men.

Burton is director of the attempt to raise a minimum of £100,000 to invest in local com-Business Expansion Scheme

into developing companies in an their maximum targets, area of high unemployment. Fund managers are Moreover, it was designed to do something to fill the much-bemoaned funding gap which conventional venture capital groups find uneconomic to enter.

qualify for agency funding. Yet barely a handful of investors came forward. The fund has been scrapped and Burton is now considering whether to have another go early next

"Putting it mildly, we feel a of £2.5m,

MIKE BURTON and the tremendous sense of disappointit just doesn't seem to be working," he says.

The Wyre syndicate is not the

Wyre Business Agency, the only BES fund to have found area's local enterprise agency, it hard to winkle money out of which recently falled in its investors in recent months. After a good start to the season -with around £10m raised in panies under the Government's the four months to July—the paniess Expansion Scheme climate for BES fund-raising suddenly seems to have turned

Ironically, the Wyre agency's chilly.

proposal was bang in line with what the Government would like to see the BES achieve. Its so far have raised £17.3m, what the Government would for successful this tax year like to see the BES achieve. Its so far have raised £17.3m, BES syndicate, modelled on the just over half the amount successful St Helens Trust, pulled in during the same aimed to inject tranches of period in 1984. Seven of these between £30,000 and £60,000 have collected less than half of into developing companies in an their maximum farsets.

Fund managers are divided over whether this represents a sharper than usual seasonal lull bemoaned funding gap which or suggests that investor conventional venture capital groups find uneconomic to enter.

Six companies duly presented business plans, one of which was even prepared to move into the region from Rochdale to qualify for agency funding Vet

"We are in the doldrums between the start of the BES and the first fruits of the scheme becoming evident," says Richard Martin, a director of Hodges Hodgson Martin Ventures, managers of the First Abbey BES Fund, which raised a mere £570.000 towards its top target

proprietors of six small businesses in the Fylde region need for this sort of money, but
north of Rischard and the first dearn's source to be supposed. ing difficulty, but as yet, nobody can point to any major achieve-ments under the BES. That makes people cautious," Martin

explains, The funds are also struggling against growing competition from an exotic array of direct share issues. Included in the latest batch is a yachting marina, a chain of nursing homes, country house hotels, a thoroughbred horse breeder and a dealer in 18th century

porcelain.
The solid asset backing promised by such issues looks much more attractive to many investors than the more run of the mill trading ventures the funds tend to offer in line with the Government's intentions for the BES. There have been 18 direct (single company) BES issues so far this year, raising around £8 between them. If the usual end of the year rush maximum repeats itself, last year's total of £2.5m.

57 direct issues should be easily

The

Martin points out: "The funds are only selling a blank sheet of paper. People have to look at our record and trust us. That is always going to be a dis-advantage against something concrete that you can describe in glowing colours."

Another disadvantage which issue.

"There has been a huge flurry BES fund managers have people coming into the man repeatedly brought to the to raise funds with increas. Government's attention is that they can only offer investors tak relief after their money has been placed with small com-panies, while direct issues can offer tax relief immediately.

> That is not to say that all funds are having a miserable time this year. The largest and longer established groups like Charterhouse Development, Lazard Development Capital and County Bank Development: Capital have all done well. County Bank's Third Business Expansion Fund set itself no precise target because it was open-ended, but it closed at the end of last month with £2.5m, more than twice as much as its. 1984 fund.

Charterhouse boasts the biggest BES fund of the year with £4.6m, just short of its top target of £5m, while Lazard has been the only fund to reach its maximum subscription with

The lessons for small companies looking for BES finance are two-fold. Either apply for cash to a large fund which has the muscle to bring in more capital when you need another round of financing in later. years; or move your hears quarters into a historic country house and make a direct share

In brief...

VENTURE Capital in 1985-The International Outlook is the title of a conference to be held at the Hotel Inter Continental in Geneva on November 12 and 13.

Jointly sponsored by the Financial Times and Venture Economics, the U.S. research Economics, the U.S. research consultancy, the conference will focus on corporate venturing and relationships between large and small companies. The fee is £575 and enquiries should be addressed to the FT Conference Organisation, Minster House, Arthur Street, London House, Arthur Street, London EC4R 9AX. Telephone 01-621

CHARTERED accountants Hacker Young are staging two seminars next month for directors of profitable medium sized companies who are considering a flotation on the Unlisted Securities Market.

sessions are free and will be held on November 20 at the Royal Scottish Automobile Club in Glasgow and on November 28 at the Notting-ham-Derby Post House, Subjects will include the pros and cons of a flotation, entry requirements, advisers' roles, pricing and timing.

Details from Richard Simmons at Hacker Young, St Alphage House, 2 Fore Street, London EC2Y 5DE. Telephone 01-588 3611.

FEW entrepreneurs are aware of the special problems in-volved in managing a growing business, warns the accountancy firm Spicer and Pegler in its latest booklet. F.C3N 2NP.

Partner Adam Mills identities five main questions which expanding companies ignore at their peril. They include how to handle increasing pres-sures on people, plant, organ-isation and cash; how the businessman should plan for growth in detail; where the company may be going in the years ahead as a result of decisions being taken now and what changes in course should be made; how to keep key executives motivated; and finally how the businessman should realise the benefits of his investment in time and

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Organised Development Urhan (Urbed), the training and job-creation body, the prigramme starts early next year in North London. Participants will be encouraged to learn from one another's business experiences, and the course will emphasise the practical aspects of turning business plans into action. Details from Andrew Ferguson, Urbed, 99 Southwark Street, London SE1 OJF.

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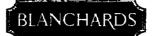
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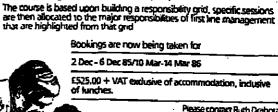
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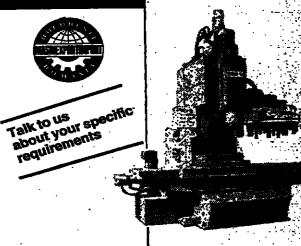
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Tate Gallery/William Packer

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I must confess straightaway the star of the Venice Biennale enigmatic wooden heaps, land-that I am rather in favour of last year, which show was scapes in miniature, and the Prix Turner, the Great toured abroad by the British tableaux. He too lives and Autumn Handican of our Visual Council and in Turner, the Winnertal Turner of the Winnertal Council and in Winnertal Council and Council that I am rather in favour of the Prix Turner, the Great Autumn Handicap of our Visual Art World, which gets its second running at the Tate Sallery on November 12. There are those, you may be sure, who would argue the contrary, saying that £10,000 is too big a prize to be won so arbitrarily, with so few qualifiers for the race picked out by what can only be a most unfair and undemocratic procedure. And it is besides so childish, trivial, and possibly commercial a diversion, far beneath the dignity of true artists and the serious business of their art. We have only to look over the wall into the Book World pext door, with its betting and dinners and boring speeches on television, to see where it all might end.

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Now no regular reader of mine could possibly imagine that I do not think art, and

Six runners for the Turner Prize have been declared: it is time to look at the form

modern British art in parti-cular, to be a most serious busi-ness. But in the course of declaring the result of the in-augural running of the prize last year, Lord Gowrie, lately our arts minister and a man who knows precisely how serious a business art is, gave it as his firm belief that there is always room for a little fun, and this was rather good fun. And I would always hesitate to disagree with Lord Gowrie. My only real surprise is at the failure of any assute sponsor to recognise the opportunity long ago, an opportunity which the Tate Gallery and its Patrons of New Art have seized upon with such force.

The six runners for this year's Turner Prize were declared some time ago, and are now in the paddock at the Tate, or rather the rotunda in the centre of the old Sculpture Hall, where an example of the party of th work of each of them is to remain on view until the big day itself. Perhaps it is time to go down to have a look at the form and mark our card.

Howard Hodgkin is the only artist from last year to be entered again, and again is bound to be one of the favourites to win. In recent years he has gained an international with a deft and ready wit and about 5:2 or 3:1; Cragg at 8 or reputation with his hush yet ingenuity. From his more 7:1; Kalinovska at 10:1, and finely judged romantic expressionism, flirting just on the lately returned to more Or, after a stewards ingulary. Howard Hodgkin is the only

pressive both in its sustained quality and the sheer quantity of work produced in recent years. He too is an expressionist of sorts, one of the first of his generation to move from abstraction towards a positive if ambiguous figuration, But that Hayward show was harshly received, and there must be doubts about his temperament, especially if he comes under pressure. Likely to run a bit free early on.

The Scottish sculptor, Ian Hamilton Finlay, is something of a dark horse, but he has a most distinguished record, and is certainly bred to stay. His work is represented in collec-tions around the world, and if his wry and elegant formal and conceptual wit has won him more notoriety than reputation among the British public, that in itself may be taken more as recommendation than rebuke. The work hanging in the Tate

well supported, and in my book the one to beat.

The other sculptor is Tony teaching and writing as for his Cragg, one of the younger painting, which he sees as all entries, and a leading figure one in his didactic engagement among those British sculptors with political and social issues. come to prominence since the

scapes in miniature, and tableaux. He too lives and teaches abroad, in Wuppertal, and has shown widely, in Europe especially. He must have a good chance, and is a fair each-way bet. I would expect him to cut out quite a bit of the early pace, and be there or thereabouts at the finish.

Milega Kalinovska, curator of exhibitions at the curator of exhibitions at the Riverside Studios, is the only filly in the race, and one to watch. She is eligible by virtue of the splendid sequence of exhibitions for which she has been responsible, which have given particular prominence to younger British artists, and to work by foreign artists that we work by foreign artists that we bould never otherwise have seen. Given the struggle necessary to sustain any kind of programme of exhibitions at all at Riverside, her energy and commitment by themselves

Art is a most serious business, but there is always room for a little bit of fun

should have proposed her entry. The Turner Prize was always intended to be open to those other than artists who have contributed by their efforts to the general good of British art, and it would be easy to see Miss Kalinovska as a mere token nomination this time to make the point. But though she must be something of an outsider, hers is a serious change. She has, as Jimmy Lindley would say, a nice turn of foot, so do not be too surprised if she comes in at a The work hanging in the Tate is entirely characteristic: a deeply carved inscription taken from Saint-Just: "THE WORLD HAS BEEN EMPTY SINCE THE ROMANS." with its continuation, "But the memory of the Romans fills it; they go on prophesying liberty," hanging unspoken in the air. He is a most tenacious surprised if she comes in at a decent price to upset the book. The last of the runners is Terry Atkinson, another painter, and of them all the one who on reflection seems to be out of his class on the day. A show of his work called "Art in the Bunker" has been touring the country during the year, which deals with images the air. He is a most tenacious battler to the line, sure to be of war, and the issues they

sionism, flirting just on the lately returned to more Or, after a stewards inquiry, edge of representation and orthodox sculptural concerns, Finlay to win and Cragg and figurative suggestion. He was if not practice, with his Kalinovska for the places.

with political and social issues. I do not expect him to win, but

London Sinfonietta/Barbican Hall

David Murray

On Friday Elgar Howarth French, standing to honest made less effect. The ingeniou conducted a Sinfonietta pro- between the wars Englishry pattern-play, excellently lucio gramme that came under the umbrella of the Mahler, Vienna and the 20th Century festival Just about an unusually robust perform-anything can squeeze under ance by Nell Jenkins, a virile that: this concert suggested the genuine tenor whose technique reading "Mahler and Vienns v. was equal to Britten's elegant that: this concert suggested the reading "Mahler and Vienna v. the 20th Century." I have just been listening hard to Schön or falsetto. Gleaming diction, berg's seminal song-cycle The Book of the Banging Gardens, in which Viennese musical muscle was tensed for its definitive modern spring. Friday's Ligeti, Britten and Birtwistle could hardly have sounded of the little string orchestra more alien to that cultural path—if that last song of Britten's seemed slightly veiled, tidy sometimes expects. Perhaps that last song or excised, the evening would have been chemically Wienerfrei.

That Britten "Sonnet" does

much as the cleverest pieces of "Les Six" did to the pre-war Conservatoire tradition. It got

sometimes expects. Perhaps that was also why Ligeti's Chamchemically Wienerfrei.

That Britten "Sonnet" does own roots in Viennese music, with its ingrowing vocal line colours with assured subflety: and fraught string harmonies. the concerto aspect of the piece, out. Over 15 years Vers All the rest is surely Anglo- its bright little solo excusions, lost none of its feral grip.

pattern-play, excellently lucid, sounded mild and polite without the extra edge of volatile mischief.

If the Barbican Hall was perhaps a size too large for the Chamber Concerto, it was per-fect for Harrison Birtwistle's Verses for Ensembles (same number of players, but all wind and percussion). In that space, the uncompromising hard edge and glassy shrillness of Verses made their full impact without actually causing pain, and the flerce solo exercises were formidsble. Howarth measured the relentless progress of the piece, block by block by block, with a sure dramatic instinct, and yet again it reached its culmination with the sense of fulfilled purpose that the sectional construction would seem to rule out. Over 15 years Verse has

The Caucasian Chalk Circle/Young Vic

Michael Coveney

The Oxford Playhouse production of Brecht's instructive fable is well suited to the Young Vic. It is clear, colourful and fairly well paced. What it lacks is genuine narrative zest and earthy vulgarity. It is all a bit cosy. The prologue is cut, so the heroism of Grusha, the kitchen maid who saves and rears the overthrown Governor's son, cannot be used as a Marxist lesson to the rival valley collectives.

Instead, Marty Flood's design Instead, Marty Flood's design is dominated by a vast inky cartoon in the style of Ralph Steadman in which a giant tyrant wades through glum grey peasants. The Young Vic thrust is effectively used and actors who also play musical instruments take up positions in a traverse, upstage ramp. The Chinese theatre effect is reinforced in the costumes—bamboo - decorated military uniforms, flowing silk prints and peasant tags and wrap-arounds that have a freshly laundered not usually associated with Brecht.

This play can be exceedingly trying if the music is not well done or if the comic incidents are mishandled. Richard Williams's production is only fifully successful. The singing narrator of Elaine Loudon has a slightly self-conclously ethnic score to lead and discharge. Her voice seemed not to respond all that well. The music is by Stephen Warbeck, some of it jaunty and melodic, lots of it mediocre. Grusha's marriage to a dying coward (in order to obtain signed papers for little Michael) is almost ruined by the unfunniest drunk monk I have ever seed.

The wedding/funeral party itself is partly redeemed by the huddle of guests in Arab cos-tume who put me in mind of Alan Bennett's remark about T. E. Lawrence and his innocent companion, the unmade Bedouin. One of them is a dab



Elaine Loudon and Sylvester McCoy

another instance of Sylvester prompter in the circle with the McCoy's bubbling versatility line "What do I do next, en route from a gormless, limp-God?" Peter Macqueen is a ing Ironshirt to his woozily authoritative second act occupachosen by the usurping soldiers to be the city's judge. Azdak deals with the case of the child's true mother: is she the hysterical Covernor's wife on stilts Mary Chater who spawned him, or Grusha who cared for him?

McCoy is good at the improvised wisdom stemming from Azdak's fear and panic and can Bedouin. One of them is a dab even steal a round on losing is no longer a wise hand with the spoons, just his way by appealing to the appropriate policy.

reliable stooge as Shauva. And Jackie Lye as Grusha and Michael Garner as her plighted lover Simon are competent in all they do. What the show lacks is real guts, any attempt to wrest it towards our own culture (in terms of design and music), or background revolutionary tur

even a convincing sense especially difficult and not very

Teresa Berganza/Covent Garden

David Murray

its considerable charms, but songs that want more comfort-they were concentrated into the able amplitude, like "Wie second half. Only the very Melodien . ." and "Immer largest voices take easily to the leiser wird mein Schlummer," a front-stage arrangement for certain reserve was felt: prob-Royal Opera recitals; the duli ably Berganza's kind of poise is acoustic is ungrateful, giving bard to adapt to Brahms's broad little sound back to the artist. lines. She had firm assistance The Vivaldi arias with which from the planist Enrique Perez fully turned, but her special timbre was recognisable only from the middle section of the second, and even the spitfire third sounded small.

Teresa Berganza's recital at "Liebestreu" had a cool inten-the Royal Opera on Sunday had sity that carried very well. In character, he made a closely sympathetic partner, but the impression of honest intelli-gence applied to slightly allen material remained.

A substantial group of After the interval everybody terious, are vividly theatrical. Brahms songs settled better, if was happier. Miss Berganza Berganza brought them to life unevenly still. "Ständchen" moved confidently into Hispanic with relish, and with added was properly charming, and territory with six Granados spice from the glittering plano.

Brazil with Antonio Francisco Braga's elegant transcriptions of African workers' songs. Nobody is more search-ing in the familiar Granados Maja dolorosa songs than Berganza, and Perez de Guzman illuminated their plane parts far beyond routine accompaniment The other three Tonadillas, itty Spanish teases, were proof that Berganza remains inimitable in such stuff: wry, exact, delightful.

Tonadillas, and on to exotic

The Braga songs, variously cheerful, heartfelt or mys-

Smetana Quartet/Wigmore Hall **Max Loppert**

brates next month its 40th birthday. In all those years of existence there have been just two changes of personnel; this must now surely be the longest-surviving string quartet still active. Saturday's anniversary concert was not, however, an occasion for respectful salutes tinged with the delicate allowance-making that sometimes has to be employed for senior musicians. For it was a beautiful and inspiring concert: the free, fresh, unforced style that has characterised the Smetana playing all this time is still very much a thing of the present.

In the opening work—the C major Quartet, Op. 5, by Franz hand by four alert string Xaver Richter, a cultivated players, It would be hard to

The Smetana Quartet celestretch of the Classical lewlands imagine a "production" of it rates next month its 40th out of which Haydn and Mozart in which there was combined irthday. In all those years of were to rise like mighty peaks greater emotional freedom, xistence there have been just—the players used scores. For greater spontaneity of gesture the rest of the programme they discarded them. This has ever been Smetana Quartet practice; and, while doctrinaire pronouncements ought to be avoided on the subject (for very fine performances can also be given by score-readers), here it was only natural to associate directly the special glory of the Janacek E minor Quarter performance that followed with its

and ensemble response, with more powerful sweetness and candour of ensemble sonority. In the second part, with the Beethoven C sharp minor, Op. 131, the players achieved a similar feat. It's difficult to describe a performance of this work in which the music seems to be playing itself, in which the performers seem to have transcribed the score into sound rather than taken conscious decisions about its interpreta-tion. This is always an illusion, of noble and quite special stamp, and it was one conveyed in full by this account of it.

Mahler Festival/Barbican Hall

Andrew Clements

received their just desserts on Sunday evening, when the Lon-don Symphony Orchestra's pro-gramme under Richard Hickox ended with the Spring Symphony, of all Britten's major works surely the most uneven and potentially embarrassing. It was coupled with Mahler's Das klogende Lied; logical plan-ning of a kind, though the unevenness of Mahler's first large-scale score is both excusable (by youthful exuberance) and charming in the way it consistently throws up flashes of the later composer. Hickox chose the standard two-part version, omitting Waldmarchen, in the context of this concert probably context of this concert probably the correct decision. Nevertheless, he did not suggest himself to be an instinctive Mahlerian; those passages of foresight proved to be awkwardly handled, and he seemed far happier managing the grander choral effects (the LSO Charts choral effects (the LSO Chorus Heather Harper, Alfreda Hodgson and Arthur Davies

were the soloists; for the Britten the tenor was said to be suffering from exhaustion, and his place taken by Martyn Hill Mr Hill proved to be the evening's main delight; many of the most squirm-ridden passages — did Britten ever passages — did Britten ever assemble quite such an unfortunate collection of poetry as

Everyone who complained of this? — were graced by his the absence of Britten's music from the first phase of "Mahler, Vienna and the 20th Century" a little small for choral works of this size; textures became clotted just 100 often; but there is not much any conductor can do with the final pages other than get through them as efficiently as possible.

Last Thursday's episode of the Mahler-Vienna Festival in the same hall had Claudio Abbado as LSO conductor, and Berg as Mahler's programme partner. In the Chamber Concerto, Issac Stern conveyed more of the emotional richness, colour, and poetry of the violinist's middle movement than I have ever before heard, and Peter Serkin greater technical accuracy and freedom in and Peter Serkin greater technical accuracy and freedom in
the pianist's opening (his
handling of the crucial
tremolos was masterly). In a
work of such intensity and complexity, this was the purest
gain; but by the hall's puzzling
accustics balance (in what is acoustics, balance (in what is acoustics, balance (in what is always a tricky assignment any-how) was often upset, and lower woodwind counterpoint often obscured. In the second half, the full LSO brought marvellous freedom of style to the 12 Knoben Wunderhorn songs
—a freedom that, for all their
(rather different) virtues, the
soloists, Elizabeth Connell and
Walton Gronroos, failed fully

MAX LOPPERT

Helen Shapiro/The Ritz

Kevin Henriques

During her lively, entertaining set at The Ritz last Friday (she appears there three times a week during October) Helen Shapiro describes herself as a "closet jazz singer." A few years ago such a claim would have made jazz purists splutter cholerically, but in recent times they have had to adjust radically their evaluation of this erstwhile teenage pop star of the early 1960s. The moment of truth came last year when she joined forces with the Humphrey Lyttelton band at a London concert at which she sang a string of Duke Ellington tunes—and did so to wide and genuine acclaim, not least from the musicians accompanying her.
The fact is that from her
Welen Shapiro's

teenage days Helen Shapiro's voice has had an unmistakable bluesy tinge and feeling, a feeling not needed for the pop chart numbers she sang. Most of these including "Little Miss Lonely." "You Don't Know" and "Walking Back to Happiness," turned up on Friday. For the more discerning listeners among the wide range of diners in the opulent restaurant of The Ritz were handsome compensations in-cluding an expressively delivered "Cry Me a River." forever associated with Julie London.

Shapiro's material Miss Shapiro's material covers a broad spectrum of eras and moods—from the modern belter "It's Getting Better " to the elderly but jumpy "Straighten Up and Fly Right." To all she brings sharp pointing of the lyrics, allied with quite impeccable musicianship.



sing just one Ellington number. "It Don't Mean a Thing" would have been as stirring a closer as "Let Yourself Go." For devotees as well as new admirers, though, there is the fine album Echoes of the Duke which she made with the Humphrey Lyttelton band for the trumpeter's own label, Calligraph, She's on 11 of the 14 tracks, fits in comfortably with the jazzers and really proves her credentials as a high-quality interpreter of a song. It is to ther backing quartet of guitar. be hoped that Helen Shapiro bass guitar, keyboards and drums underlines the rhythmic emphasis of her singing.

What a pity though she didn't Lyttelton band?

Dance and jazz project for 1986 The Extemporary Dance graphed by Extemporary's Theatre and Westbrook Music Theatre will shortly begin work on a major collaboration, which will tour in the spring and summer of 1986. The project, the first-ever UK collaboration

between a dance company and a jazz group, The project will be choreo-

artistic director Emilyn Claid, with music by Mike and Kate Westbrook and designs by Jackie Gunn. It will be performed by eight dancers and four onstage musicians. The project will be developed during rehearsals in December and January,

Uncovered a

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Surprise.



entertaining your business. THE LONDON

Arts Guide

Oct 18-24

Opera and Ballet

PARIS.

St John Passion: J.S. Bach's cratorio conducted by William Christie, produced by Pier-Luigi Pizzi, Les Arts Florissants, Paris Sorbonne's Choir. The Venice Fenice production presented by the Théâtre des Champs Etystes (1234777).

WEST GERMANY

Cologne, Opera: The television produc-tion of La Gazza Ladra is sung in Italian with Carlos Feller and Janice Hall in the leading roles. There are also performances of Turandot and The Magic Plute.

LONDON ailadium, W. 1: Wayne Sleep's Hot Shoe Show opens on Monday for a

Agrence: Teatro Comunale: Gounod's

Faust (original version) conducted by Reynald Giovaninei and pro-duced by Luca Roncom with scenduced by Luca Roncom with scen-ery and costumes by Pier Luigi Piz-zi, and Alberto Cupido as Faust, Samuel Ramey as Mephistopheles and Catharine Malittano as Margh-erita. Sunday (2779238) At the Pic-colo Teatro del Comunale a sto-gramme of ballets by the Maggio Musicale Florentino company (Sat, Wed). (2779238).

Soluiss from the Bolshol and Kirov Ballet companies with extracts from Swan Lake, Giselle, Sparincus, For-est National (Tue). (3459050).

NETHERLANDS

insterdam, Stadsschouwburg, Balan-chine programme from the National Ballet: Concert Barocco, Monumen-tum pro Gesualdo, Movements for piano and orchestre, Tchalkousky pas-de-deux (Dutch premiere), Sym-phony in C (Tue, Thur). (24 23 11). cheveningen, Circus Theatre. Neder-lands Dans Theater with Moves (Robbins). Love songs (Forsythe) and Ghost Dances (Bruce) (558800).

NEW YORK

New York City Opera (NY State): I Puritani features Faye Robinson singing Elvira, conducted by Edoardo Muller. The rest of the week includes La Traviata, Madame Butterfly, La Rondine and The Magic Flute. Lincoln Center (870 5580).

Dance Theater Workshop: The season continues its Border Crossings programme with Marie Chounnard who gives the New York premiere of her work, Earthquake in the Heart, 218 W. 19th St. (9240077).

CHECAGO

Lyric Opera (Civic Opera House): The

British Library reveals strategy to 1990

The British Library, in great databank of knowledge another move to establish its to service British industry, as own identity and to detach well as the liberal arts. tiself from its current landlord, the British Museum, yesterday revealed a strategic plan for the years up to 1990. In the plan it confronts head on the twin challenges of its move to twin challenges of its move to a new home alongside St Pancras Station, and the revolution in information technology, which will transform its time in the Cuture. lution in information tech-nology, which will transform its time in the future.

activities in the next 20 years. The British Library makes the greatest demands on the arts budget because of its new building, which has received £92m for its first stage and which expects another £60m for a second stage; this is currently going through the Covernment expenditure plans for 1986-87. The first departments will move to St Pancras from the British Museum in 1991 and in time users of the celebrated Reading Room will have to accept a new home in specialist accommodation on the Euston Road. The Reading Room will

remain in use as a library for the British Museum. lyrie Opera (Civic Opera House): The
31st season begins with Otello starring Margaret Price, William Johns
and Sherrill Milnes, conducted by
Bruno Bartoletti and staged by Artonello Madem Diaz. The season also
has in repertory Madame Butterly
with Anna Tomowa-Sintow in the titie role conducted by Miguel Gomez
Martinez, as well as Samson, Anna
Bolena, La Traviata, I Capuleti e I
Montecchi, Die Meistersinger and
La Rondine (3322244)

It is already economising on at is already economising on staff, in addition to the cut-backs in purchases of foreign journals. The library has com-mitted itself to maintaining

The British Library is playing a straight but towards the Government. Its argument is that it is a very good investment, being the national depository of the scientific knowledge needed to enable the UK to compete with overseas competition. But it is also doing its best to maximise its

It has just appointed Mr Michael Hilton as its first corporate marketing manager with the target of increasing by 5 per cent a year the proportion of its income the Library earns from the sale of its services (at the moment over £13m, or 21.5 per cent of its incom derives from the marketing of its knowledge). But if it does its best to inform industry of the information it has on offer the British Library expects the Government to do its part in increasing its grant by at least the level of inflation.

Antony Thorncroft

FINANCIAL TIMES

Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 6000

Tuesday October 22 1985

A message to Pretoria

THE COMMUNIQUE on sanctext may for the time being tions against South Africa, have conceded most to the anti-agreed by the governments of sanctions sentiments of Mrs the members of the Common-the members of the Common-wealth at their Nassau meeting, may seem a rather anaemic result after so many days of heavy argument, and will un-further sanctions from at least heavy argument, and will understand the doubtedly have disappointed those governments which were pressing for the imposition of really full-blooded sanctions. But the bare fact that the Commonwealth governments were in the end able to agree on a common text on such an emotionally charged issue is not a African farm produce. common text on such an emotionally charged issue is not a
negligible achievement. The
political signal it sends to
the end and the comfort are fines
and a ban on imports of South
African farm produce. President Botha's Government may
take comfort from Mrs Pretoria is unmistakable; and the process which has been launched guarantees that the South African issue will remain on the agenda of the Common-wealth in formal terms for at least the next six months.

of the specific measures must depend on what results one be-lieves sanctions can deliver. We have long shared the scepticism of those who doubt whether economic sanctions can, by themselves, force the South African Government to abandon its policy of apartheid; even a total econmic blockade might not achieve that. But some limited sanctions, partially targetted against the instruments of apartheid, may, in conjunc-tion with the much more Her Government refused to agree a European Community important forces at work inside South Africa, exert political applying almost all of them beforehand; two weeks later, it pressure on Pretoria to think again about reform.

Declaration

The specific measures agreed at Nassau are not particularly dramatic, and many of them were already being applied by individual Commonwealth governments. In Britain's case, the only important innovation would be the ban on the import of gold Krugerrands, of which the UK imports only about £500,000 worth a year. But it is far from clear that this pack-age of measures will be regarded as insignificant by the South Africans, and on this question theirs is the only judgment which matters.

It is not insignificant, for example, that the Comonwealth governments have adopted a tions are to be applied in text which is bound to be the unison by a large group of starting point for all their countries is another. Let future discussions. For the sake Pretoria hear the message of Commonwealth unity, this before it is too late. governments have adopted a

take comfort from Mrs Thatcher's instant declaration that Britain (which has the greatest economic connection with South Africa) will not

on the agenda of the Commonvealth in formal terms for at
east the next six months.

Judgment on the substance

Judgment on the substance

Judgment on the substance cannot fail to have noticed that at Nassau even Mrs Thatcher was persuaded to move a small step down the sanctions road.

package of very minor sanc-tions, even though it had been

fell into line with the decision

new ban on Krugerrand imports

represents only a "tiny" shift of position; but it is a shift of

substance. The message that the Nassau

communique should convey to Pretoria is that international

pressure for fundamental reforms of South Africa's poli-

tical system is steadily building up, and will probably go on building up as long as the disturbances and the killings continue. Sanctions so far

applied are more symbolic than real, but the symbolism of the political message is one essen-tial ingredient in any sanctions

policy; the fact that these sanc-

Symbolic

The murder by Palestinian terrorists of three Israelis Indeed, it is questionable whether Mrs Thatcher is wise repeatedly to adopt categoric postures which she is then obliged, for the sake of inter-national solidarity, to rescind. decades.

The retaliatory bombing of the PLO headquarters near Tunis six days later and the justification of it as a legitimate exercise of self-defence by President Reagan might in itself have been enough to have buried any moderation in the PLO camp. The hi-jacking of to withdraw two military attaches from Pretoria. Naturally, she claims that the

only Arab country prepared to make peace with Israel.

As the pessimists accurately predicted, it has not, or at least not yet, turned

admits that its efforts have been "complicated" by a rush of events that have included a resurgence of terrorism, the Israeli reprisal terrorism, the Israeli reprisal raid on the Palestine Liberation Organisation head-quarters in Tunis, the hijacking of the Achille Lauro, the spectacular U.S. mid-air interception of the hi-jackers, the subsequent row between Washington and Cairo and the abrupt cancellation of a London meeting between Sir The search for a Middle East settlement



Back to the drawing board

By Richard Johns

tion's Executive Committee was

called off a week ago.

Israel's Prime Minister was right. His country, after the recent turbulent events in the Middle East, has undoubtedly emreged triumphant in its fight against recognition of the PLO as the representative of the 1.2m Arabs in the occupied territories and its role in any future negotiations.

aboard their yacht in Larnaca harbour last month could prove to be one of the most significant in the bloody history of the region over the past four

NOW IS about the time, according to the Reagan Administration's game plan, when a major new round of when a major new round of Middle East peace talks should have been getting underway. Arabs and Israelis would sit down at the same table, the Palestinian problem would finally be seriously tackled, and the inclusion of Jordan would end Egypt's isolation as the only Arab country prepared

out like that.
The State Department

SRAEL has won" said Mr
Shimon Peres triumph—
and the killing of an American
the U.S. and a joint Jordanian
meeting between Sir Geoffrey
Howe, British Foreign SecreHowe, British Ambassador in
How Mohammed Milhem and
March for a dialogue between
How Bishop Elia Khoury, had both
How Ontinue his pursuit of a peacefull secretary with the continue his pursuit of a peacefull secretary with the fold
full secretary with the fold of the work of the work of the secretary w terrorism are synonymous for Mr Reagan and the great majority of the American public.

Tubincial Times Samuely Committee 1300

The proposed London meeting would have been only a very small and tentative step in the so-called "peace process," a somewhat misty, euphemistic abstraction which refers to the continuing search for a Middle East settlement and acknow-ledges how hard it will be even to reach the point of starting concrete negotiations.

cil resolutions 242 and 338 and opposing violence as well as terrorism, would encourage Washington to be more flexible about PLO involvement.

was to give a nudge to the plan Foreign Office that the two originally proposed by Presi-Palestinians in the joint team,

designed to be a forerunner to negotiations on a settlement involving an exchange of "peace for territory" and the creation of a Palestinian entity in a confederal relationship with Jordan in line with the diplomatic initiative launched by King Hussein and Mr Arafat in February.

The U.S. rejuctantly agreed to such an exchange but it has been effectively stymied by Israeli objections to participation by any Palestinian who might be regarded as in any way related to the PLO.

over the London talks at the eleventh hour was a matter of poor communication and con-sultations by the Jordanian In particular, the objective Government which assured the

Achille Lauro hi-jackers are majority of the Arab Lengus. But members of the faction of the in Casablanca in August. But small Palestine Liberation at this juncture, whatever the "historic responsibility" he ible and there can be no doubt about the complicity of Mr Mohammed Abbas, their leader. But it is less clear-though perhaps irrelevant—whether Arafat personally knew and

approved of the operation originally aimed at landing the The strategy was that after PLF men in Ashdod. While he meeting American officials, the would not have objected, he PLO would formally recognise must have been appalled by the Israel's existence in a bid to outcome.

the sees as the last chance for the peace process. In London last week he said that he was "not encouraged" by his talks in Washington three weeks ago though there had been some slow progress." In reality the Hashemite

For the Israelis, the London fiasco was manna from heaven after the events of the preceding weeks. The fact that the Achilla I are as two-thirds of his subjects are Palestinians. Either King Hussein or the PLO could annul their February accord, blessed by the having seen Washington condone the Tunis raid.

ary accord blessed by the majority of the Arab League feels for recovering occupied territory, King Hussein can hardly contemplate reneging on his commitment to the resolu-tion of the summit in Rabat 11 hardly contemplate reneging on his commitment to the resolution of the summit in Rabat 11 years ago which recognised the PLO as "the sole legitimate representative of the Palestinian people."

The his predicament the committed and the palestinians who, apart from the Platestinians with any predicament the Palestinians with any predicament.

Britain had hoped that after exchanges between Sir Geoffrey and the Jordanian-Palestinian delegation, a statement supporting a peaceful settlement on cil resolutions 242 and 338 and opposing violence as well as terrorism, would encourage Washington's 10-year terrorism, would encourage Washington's 10-year the London talks at the leeventh hour was a matter of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously, the interception of last week he said that he was seriously. the airliner on which President Mubarak gave the hijackers safe hostage. Whether or not he lied about

the Palestinians with any anthorse for Increasingly, the Area of Sovernments are looking in with next month's summit between President Reagan and the South leader, Mr Mikhael Gorbach might lead to some kind as Soviet involvement and exemptal inclusion of Salamanother country whose satisfies tion is ultimately required to the whereabouts of the hijackers a comprehensive settle

the U.S. as a friend and alt.

Against this background President Reagan's asserting

that the chances for most towards a peace settlement w

its price for fergiving and forgetting the interception of its airliner. Not even the most ardeat pro-Israelis in Washington want the devantating rupture with Egypt that appeared to be lessing in the immediate aremath of the hi-jacking.

U.S. efficials believe that that danger has now receded and that the damage will not be permanent. Egypt,

ceded and that the damage will not be permanent. Egypt, and the wants to end its isolation, wants to end its isolation, by bringing other Arab ties into the peace processing Husseln has said the want was a said the want of the commitment of the peace warms. th to move "prom-lirectly" to the me-table. But it now i more anneau
enly a few weks
the crucial profit
PLO's role, and
domestic critics re
pth of his concoing so. than it age to a lem of Mr Read doubt th

eginald Dale Washington

Unwelcome form of takeover

THE BID for Allied-Lyons by Equally, there seems no issue Elders IXL of Australia represents a new and unwelcome development on the British sensibly decided that competitions. of cash, it has a lot in common with the so-called "junk bond" offers which have become commonplace in the U.S.

In a junk bond bid, share-

holders are offered unrated, high yielding debt for their shares, rather than cash, and thus share in the risk created by turning a soundly financed business into a very highly business into a very highly geared one. In the present, bank financed bid, the risk will be born by the shareholders in Elders, but from the point of view of the financial system as a whoie, the issue is just the same; the substitution for debt for equity on this scale makes the financial structure more fragile. Incidentally, a cash offer of this kind would cause quite a of this kind would cause quite a bulge in the broader measures of the money supply. Both on prudential and monetary control grounds, it appears to be an issue in which the Bank of England ought to be taking an Competition

Of course, this is an asset of course, this is an asset stripping operation, as such bids always are, and nobody has really tried to pretend otherwise. Elders has already made clear that it would intend to sell off Allied's food busings. ness, as well as equity stakes in its pubs, if the offer is suc-cessful. Although asset stripping got a bad name a little more than a decade ago, the history of conglomerate mergers is not so glittering that one would now oppose bidders who wish to deconglomerate. But the logic from the point of view of existing share-holders is less clear, since they are not being offered the chance to participate in the new to suggest that a single bid grouping. If their assets are makes a case for the imposition

development on the British takeover scene. Elders, a recently formed conglomerate, is financing a bid for a company several times its size through a syndicated, short-term bank loan led by Citicorp of the U.S. Although the bid is in the form of cash, it has a lot in common with the so-called "junk bond" offers which have become commonplace in the U.S. In a junk bond bid share. propaganda point in the coming bid battle, but Australia has not benefited over the years from its restrictions on inward invest-

Complication

However, the financial form of this bid does raise important issues. Every financial bubble in history has been caused by pumping new credit into asset markets, and the precedent established by this bid could have extremely disturbing results. If every ambitious asset manager with access to a friendly bank seeking to enter new markets or to diversify its loan portfolio could mount highly geared bids of this sort, asset prices would quickly be inflated at a rate which would encourage more and more bidders to join in. The results of this in a narrower market were evident in London in 1974. and both the growth of credit and the rapid gearing up of balance sheets in the U.S. at present ought to be a sufficient warning sign for an alert central bank,

The fact that the bid is being financed entirely by non-British banks—perhaps because the home side would have been unwilling to offend so important a customer as Allied—may seem to complicate the supervisory question. But the participating banks have important interests in London, and are presumably open to the same forms of gentle persuasion as their British counterparts. This is not grouping. If their assets readily saleable, they might of new rules or monetary readily saleable, they might of new rules or monetary well prefer that the sales were targets—but it does raise issues on which the Bank of England on which the Bank of England Such questions, however, can should make sure that its views safely be left to the markets. are known.

With a song in his heart Australian entrepreneur, Robert Holmes à Court, is apparently not quite such a hard-bitten businessman as we have been

led to believe. Analysts, who regarded him as a dispassionate student of the share register and the money market, have been surprised to discover that a streak of sentiment emerged (briefly) during his sale earlier this year of the Beatles' songs to the

black American singer, Michael Jackson.

Holes a Court had acquired Northern Songs, the Beatles' music publishing house, as part of the Lew Grade empire which

he bought in 1982.

Jackson made his first approaches about a deal by telex in November last year. He offered \$46m, outbidding his He oriered \$40m, outstiding his friend and former Beatle, Paul McCartney.

After six months' negotiations, however, Jackson's lawyer, John Branca, advised his client that Holmes a Court's terms were unaccontable.

terms were unacceptable.
It was not the money.



"So it boils down to no trade fairs, no krugerrands and no tinned fruit at the Co-op'

... but Washington has not lost hope

Geoffrey Howe, the British Foreign Secretary, and the two PLO leaders.

And yet President Rouald Reagan, after White House talks with Mr Shimon Peres, the Israeli Prime Minister, at the end of last week, main-tained his characteristic optimism. "We have a better opportunity for real progress now than there has been for some time," he said, "and a better chance than we may have for some time to come."

Since early this year, the American hope has been that a combination of circum-stances will open a "window" for progress this autumn.
They include Mr Rengan's freer hand as a second-term President and the still com-fortable distance between now and the next U.S. 28 tions. It is an article of faith in Washington that U.S. administrations cannot put pressure on Israel, or other-wise antagonise American Jewish voters, with an elec-

Holmes & Court, it seems, had

asked that he should be allowed to keep a few Beatles'

songs as future gifts to friends and relatives.

Did the tycoon, aiready a major collector of contemporary

major contently named as art and recently named as Australia's richest man, want to keep All You Need Is Love up his sleeve?

Or perhaps it was When I'm 64, to give to his wife, Janet, on the eve of their retirement? We shall never know.

Jackson rejected the request, and after a short break in the

negotiations, Northern Songs was eventually sold to him for \$48m, yielding Holmes & Court an unsentimental profit of around \$37m.

Bryan Cowgill, the man who

gave up the managing director's job at Thames Television over the Dallas affair, is not the sort to stay idle or silent for long. No sooner had he recovered from the withdrawal symptoms of running the largest ITV company than he set to work on his memotra.

Cowgill, who began his 30 years in television at the BBC

on the day that the ITV trans-

mitters were switched on for

the first time, has a contract with a major publisher. The

book, which no doubt will be read with keen interest at the

IBA, is due for publication next

Cowgill has been turning a

blind eye to the blandishments

of new media barons such as Rupert Murdoch and Robert

Maxwell until he gets his book

It won't be a whingeing book,

Cowgili emphasises. But there

is likely to be a heartfelt chap-

ter on Dallas, and what he sees

as the anti-competitive collu-

sion between the BBC and inde-

and the first the contract of the property of the contract of the first of the firs

Dallas memoirs

tion approaching. In the region itself, Washington believes that wael is most likely to show flexibility during Mr Peres' stewardship, before he hands over to the much more hardline Mr Yitzhak Shamir next year. In Jordan, King Hussein has dishbed 1985 the "Year of decision" and urgently wants progress to prove to his fellow Arabs that moderation can get results. He has now the added incentive of a proposed \$1.95n U.S. arms deal, which Congress is most unfilled to congress to metil it is likely to approve until it is satisfied that he is well on the

way to—if not actually at—the negotiating table. The Palestinians, at least those who live in the West Bank and Gaza Strip—the territory at issue — are thought by Washington to be increasingly keen on reaching an agreement while there is

still time. Even before the latest events, however, the way to

pendent television over programme purchases from the U.S.

The end of that particular

chapter cannot be written yet. The Office of Fair Trading is

is still investigating and the BBC is still negotiating with the oil industry saga's distributors World Vision.

But the smart money is starting to pile up in support of a deal that keeps Dallas at Thames—which would lend a touch of irony to an already

After Sainsbury's £20m for the National Gallery, comes another Sainsbury's endowment of film for the Royal Opera House, Covent Garden.

But this time, the Sainsbury is a more reclusive figure than

the high street grocer. Mrs Jean Sainsbury inherited her millions from her father who made them

from advertising. Now aged 60.

she has decided to com-memorate the many happy nights she has spent at Covent

Garden with a gift to the hard-

The interest from the endow-

or ballet in one year, and some

refurbishment of the Opera

Just how much Covent

Garden will have available to

spend will depend on its investment acumen, but the cash should certainly ease the

financial crisis which has forced

it to cut back on new produc-

Mrs Sainsbury is no lover of avant garde; her money is to be

devoted to new interpretations of the classical repertoire.

Her Covent Garden nights began back in 1946 when she

heard Elisabeth Schwarzkopf in

La Traviata. She is still a

regular attender, and will no

tions in recent years.

pressed institution.

House in the next.

High notes

Men and Matters

been barred by two major disagreements. On the first, Jordan's demand that the negotiations be held in the framework of an international conference, including the Soviet Union, there is some evidence of movement.

the negotiating table had

Washington now appears to accept some form of Soviet involvement, providing a formula can be found that prevents Moscow from week-ing the talks. Israel is also relaxing its earlier opposition, although it would insist that Moseow first renew Soviet-Israeli doplimatic relations. The second difficulty—the nature of Palestinian repre-

sentation at the talksright to the heart of the prob-lem, as Sir Geoffrey's experience with the PLO underlined last week. Israel and its many sup-

porters in Washington argue that the PLO has now definitely ruled itself out of the negotiating process. They

doubt be hoping that Sir John Tooley, Covent Garden's chief administrator, will be success-

ful in persuading Placido Domingo to reconsider his decision to abandon the opera

houses for a year while singing charity concerts for Mexico. Domingo is booked for six gala performances of Otello in

January which, by coincidence, are set to raise £100,000 for the

Opera House—roughly the same amount that it can now expect

A new Press baron is expected

to emerge this week — none other than the Lord Chancellor,

Lord Hailsham, who at the age of 78 is well into his second

His department is launching

a new magazine, to be called Your Court, to inform a wider

Your Court, to inform a wider audience about its hitherto low-profile work on behalf of the judiciary, the courts, and the administration of justice.

Your Court is aiming at the popular middle market, so we can expect lots of pictures of jolly, bewigged judges.

Hailsham, expressing some surprise at finding himself a publisher so late in life has

publisher so late in life, has penned a note of good wishes for the venture.

But with all those lawyers around, it would have been a miracle if there had not been

some argument over the new publication—and there was.

Not everyone liked the title, Your Court. Other suggestions included The Woolsack — on

which Hailsham sits-Court in

The village postman was telling

his mates in the local pub about the difficulties of his job. "Up

on that new estate, where all

the nobs live, they've got two little brushes in their letter slots," he said. "I suppose it

slots," he said. "I suppose i cleans the mail before they

the Act, and Bar Wars,

Post script

from its surprise bequest.

Page proof

performance in London, back-tracking on commitments to recognise Israel's right to exist and renounce violence, and to all the evidence, real or alleged, that the PLO is still actively invalved in ferrorsin in the actille Lauro hi-jack, and in the cent murders of Israelis Larvaca and Barcelona. But King Hussein's whole

point to the PLO leaders'

move to the negotiating table is based on his February II agreement with the PLO, which includes the Organisation in the negotiating "struc-ture." And hitherto he has made it clear that he can only pursue the risky path of seek-ing a deal with Israel with PLO support.

Egypt, which has played a vital part in promoting King Hussein's initiative, has long arged Mr Reagan to negotiate with the PLO. Now, Cairo appears to be seeking some sort of American gesture towards the Palestinians as

66 Our new te annology

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Observer

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Letters to the Editor

Regulation of dealers

From the President, ELB Associates

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16,

ack

Sir,—I do not believe the London Stock Exchange should concern itself over the regula-tion of dealers. The Exchange's job is to maintain standards of commercial honour and integrity among its members and promote and assure just and equitable principles of trade and business in the securities listed and traded on the exchange. It should have no turisdiction over business done outside the exchange, whether it be in obligation or equity. Togive it such jurisdiction would be to give it a monopoly beyond its competence and purplets. the best system available. its competence and purview.

Any regulating to be done should be through an associa-tion of securities dealers answerable to a governmental body. In this case, the Securities and Investment Board. But such an association should be self-regulating; setting standards for dealer membership, trading rules, investor protection and general chies. As far as I know, the sale transport of the sale transpo the only group that comes close to this is the National Association of Securities Dealers and Investment Managers (NASDIM). Such an association should have jurisdiction-over all securities dealers, be they mem- 1204, Geneva.

bers of the Stock Exchange or not. And all dealers should be obliged to be members of such an association in order to obtain a licence to trade. This tain a licence to trade. This
would have a tendency to rid
the industry of the unqualified,
marginal broker dealers, commonly known as "bucket shops"
or "boiler room dealers."
Further, such an association
would then have the option of creating an electronic quotation and trading system. It should be free to analyse and choose

But I go beyond merely thinking of the UK. I believe, because of the current internationalisation of the securities markets, such an association should be on, at least, a European layer. pean level. There should be created a Europe-wide associa-tion of securities dealers that would regulate members throughout Europe. Of course this association would have to adhere at least to the minimum standards of the codes of each country. Such would have a tendency to smooth out differences in national trading prac-tices and eliminate market fregmentation, at the same time broadening the liquidity pool. Eugene Schulman. 29, Coulouvreniere.

Stock Exchange out of date?

Has anyone therefore con-sidered whether a long-estab-lished body such as the Stock 59 Limes Gardens, SW18

From Mr N. Mullan

Sir.—We are constantly a totally different environment, should be allowed to survive, nature of today's financial let alone have regulatory authority, in tomorrow's

Sir Nicholas's nightmare

From Mr S. Jones

Sir,— Sir Nicholas Goodison's If there is to be a unified regunightmare (October 18) of a latory body combined with a fragmented securities market may well become a sad reality. ket then favourable terms will The international security dealers have already indicated their desire to set up a regula-tory organisation which would be independent of the Stock

And who can blame them?
It is all very well for the Stock
Exchange to adopt a cosmetic
protectionism stance but if Exchange to adopt a cosmetic protectionism stance but if strong concerted action is not taken pre the big bang Sir Nicholas Goodison may find that he has hittle to protect come the "fallout" period.

As a private investor I am dealy concerted at the company of concerned

have to be offered to the institutions.

The Stock Exchange may have its doors partly open, the financial institutions however would probably say that they are partly closed, if not shut completely.

the Groesson, Cardiff.

Planning and land prices

From Mr P. Rowley
Sir,—Regarding your recent correspondence concerning high land prices in England, I am an English landowner who visits the Midlands several times annually for a total of about three months. Your writers miss one of the most essential reasons for the expensive price of industrial and residential land. This is the local govern-

land with planning permission the landowners seeking their that prices inevitably escalate.

My experience is that most local civil servants like to see the power of the local civil servants like to see land prices rise, and their vants and strengthen the rights bosses, the elected councillors of individuals to obtain are usually reluctant to interfere with their civil servants' land. Further, more power decisions. The bureaucrats are should be given to the actual full-time paid "experts," community affected by the whereas the local politicians are unpaid and afraid of making rather than to the far larger whereas the local politicians particular planning permission are unpaid and afraid of making a mistake. One chief planning districts which currently condicer recently remarked to me on how pleased he was that Then the price of industrial and industrial land had reached a new high in his area. In addition, for the individual to appeal against a district New York, planning decision is an expen-

Besides any desire to benefit their districts, the local planning offices are motivated by money and power. The higher the price of land the greater the government tax, which eventually increases the salaries and perks of the civil servants. The more difficult it becomes to obtain a planning permission, raising the price of ment planning system.

District council planning local planning officers and the offices so restrict the supply of land with planning permission the landowners seeking their

The solution is to weaken

Car excise evasion

ing to preserve jobs.

As long ago as 1982, when the licence fee was \$70, raised to £80, known evasion amounted to £174m a year. It would be reasonable to assume that detected evasion now amounts detected evasion now amounts to over £200m a year and this is perhaps only half of the iceberg. We do not know the true figure, but evasion is obviously relatively easy, the £100 fee being an incentive to evade and to steal the valuable disc. Perhaps Mr Wattley will give the latest estimate of true evasion.

Mr Williams says that in 1984 the recovery of back duty and fines was £18.25m. Contrast this with evasion in excess of £200m and the cost of 900 "not particularly cost effective" enforcement staff at Swansea DVLC (Public Accounts Committee 1984). Allowing for molice time, Post Office commission and administration, the Chancellor might save £500m a strength of the police (and courts) already have more urgent and important work. year by simply transferring the Thomas E. Whittle licence fee to existing fuel tax. 19 Kildoon Drive, Given no overall increase in Maybole, Ayrshire.

From Mr T. Whittle

Sir,—The letters by G. R.
Wattley, director, and Clive G.
Williams, chairman of the trade
union side, at the Drive and
Vehicle Licensing Centre, Swansea (October 15), predictably
read like vested interests seekling to Dreserve jobs.

Of course, high mileage motorists in motoring associations will object. If we have to pay in motoring taxes three or four times the expenditure on roads, the only fair way is according to fuel usage—as it is

All the requirements for effective registration could be more efficiently met by an annual MoT test for all cars. The top copy could go to Swansea and an MoT "roadworthiness" disc attached to the car so that it is destroyed if removed. Who better than MoT approved garages posi-

tively to identify cars? Thomas E. Whittle.



New base for economic theory

economic progress or decline in terms of Mars bars.

In connection with this theory may I bring to your attention the effect of a rather drastic increase in the price of a well-known brand of chocolate from 20p to 30p, as purveyed in vending machine at Waterloo Station, this 50 per cent additional charge is apparently justified by a rather smaller percentage increase in its size.

What mainly concerns me, bowever, is not only the serious

a base for their future estimates.

The Draconian fiscal and other measures that our Government might deem it necessary to introduce, to rectify the economic projections that their calculation could produce, must surely cause a shudder of surely cause a shudder of surely cause is apparently justified by a rather smaller percentage increase in its size.

What mainly concerns me, & Allendale Road, however, is not only the serious

From Mr D. Double

Sir.—I understand that in recent times it has become the fashion to sometimes measure economic progress or decline in terms of Mars bars.

In connection with this theory.

Healthy manufacturing industry

From Professor C. Voss
Sir.—Last Tuesday the House
of Lords select committee on
Overseas Trade's report on the
causes of the UK balance in
trade in manufacturing was
published. It made many assertions on these causes and their reaction can only lead to
recommendations for action.
Despite the fact that these and unease among those con-Despite the fact that these and unease among those con-recommendations deserve serious consideration, the Government went out of its way in the UK. to prepare a statement trying in the UK. (Professor) Christopher Voss. Why is it that a report that University of Warwick, should lead to vigorous and Covening.

Undesirable to be rich?

however, is why it is so under the bound of
From Mr D. Fagandini
Sir,—In commenting on the report on overseas trade, Samuel Brittan (October 17) may well be justified in his belief that there are some experts who really do know the economic facts of life and that he is one of them.

What these apologists of our decline always omit to explain, however, is why it is so un-

No faith in the market

From Mr K. Smith about the precise recommend-ations of the Aldington Comnittee, it is certainly the that Samuel Brittan (October 17) misidentifies the issues theory and policy addressed in the report.

Arguments concerning the importance of manufacturing for the UK economy need not rely on some quasi-Physiocratic assertion of its primacy. Nor should structural changes, and manufacturing decline, simply be assigned to a changed "final mix" being preferred by customers. In an open economy either from changes in the composition of demand, or from changes in trading patterns. No conclusions about the structure of final demand can be drawn of final demand can be drawn simply from an observed change in the share of manufacturing in output. Domestic demand for manufactures can rise while domestic output falls, and this is what has happened in Britain. The importance of manufac-

turing derives neither from defective theory nor romantic nostalgia, but from a realistic assessment of Britain's trading prospects as net oil exports decline. The time-scale of this is uncertain, and I would be inclined to scent Mr. Pritter's is uncertain, and I would be inclined to accept Mr Brittan's estimates. But it will happen, and the effects on the external balance will definitely begin to be felt over the next five years. If, as seems likely, there is no sustained net capital inflow, then the exchange rate will adjust downward. Will this supportationally produce increases utomatically produce increases

in non-oil exports? The report of the British Invisible Exports Council (October 14) suggests few grounds for optimism about services. As for manufacturers, as Samuel Brittan points out, there appears to be relatively little spare capacity, considering that output is so low and unemployment so high. We should remember that, pace Mr Leon Brittan's rebuke to Aldington that a price and marketled of the structure of the structur (that manufacturing investment is up 39 per cent), net manufacturing investment is negative and has been since 1981. University of The capital stock is falling and Keele, Staffs.

Sir,-I refer to an article in either partners or directors of Observer (October 16) headed stockbrokers or merchant banks, "Archer's downfall" where it 18 per cent are in senior line is stated that he, Archer, feels accounting or management that too many bright young position in commerce or inthat too many bright young graduates are in his view opting for easy careers in accountancy Aborigines English.

I served my articles and qualified with an international firm of accountants and apart from running a business I also run a dining club for 27

Of these, 40 per cent are runof these, 40 per cent are run-ning their own businesses, 21 Badenoch & Clark, per cent are partners in firms of 16-18 New Bridge Street, EC4.

the possibility of output growth not technological progress is being embodied in replacement investment. It is difficult to say what is happening to the technological level of UK manu facturing, but manufacturing R&D has fallen in the 1980s in real terms. In a trading environment where non-price competitiveness is of great, per haps paramount, importance, these facts must cause disquiet. Of course exchange rate depre-ciation will lead to some increase in manufactured exports, but it seems extremely unlikely that this will happen

on anything like the required scale. Does this, however, jus-

Throughout Brittan's critique of Aldington runs an entirely unjustified faith in the capabili-I readily agree with Brittan that the justification for intervention depends on whether the tasks involved are part of the "agenda of government," that is, tasks which would otherwise not be carried out at all. Growth in manufacturing requires major R&D and investment promajor R&D and investment programmes in the very near future. Can we rely on the market to generate appropriate signals and decisions here?

Neither economic theory nor empirical observation give any grounds for believing that markets can or do make efficient allocations where future

allocations where future-especially distant future-dec sions are involved. The main reason is that, for markets to guide long-term decision-making, there would have to be a range of contingent and futures markets which do not in practice exist. Firms are not necessarily the best institutions for this, and this is why successful economies tend to be characterised by some form of suggest that Brittan's assertion that a price and market-led adjustment is "indeed what will adjustment is "indeed happen" is untenable. Keith Smith.
University of Keele.

Accountancy and law as careers

accountants, 21 per cent are dustry and one is teaching the

Better research would show that firstly accountancy is hardly an easy career and secondly, appears to provide an above average breeding ground

A. B. Badenoch,

THE DAYS of easy and uncom-plicated telephoning are numbered. From next spring there will be an alternative to British will be an alternative to British Telecom for trunk and international calls. As a result tariffs may change, some telephone calls will require seemingly endless strings of numbers, and some will need strange bleepers.

Many long distance calls will be cheaper but local calls will go up and so will the cost of renting a BT telephone line. The main beneficiaries will be but located to the businesses with high telephone bills such as international banks and multinationals. Among probable losers are residential customers who do not

maké many calls. The green light for full com-The green light for full competition between the two licensed telephone network companies—BT and the newcomer Mercury—was given last week by Professor Bryan Carsberg, director general of the Office of Telecommunications, the regulatory body.

Oftel has determined the exact rules by which the two networks are linked in a complex and legalistic 89-page document, after six months of fierce debate. Its ruling is a landmark in Britain's telecommunications and is very favour-

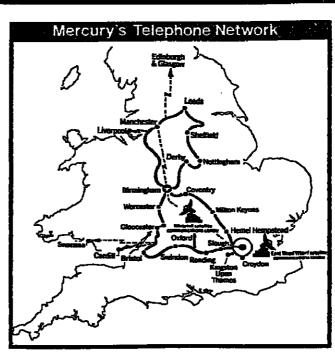
munications and is very favour-able to Mercury which is expected to be highly profitable and have annual revenues of over £300m by 1989.

The ruling is intended to stimulate as much competition as possible for BT without causing serious damage. It may yet be the subject of court

The competition which should result will far exceed that first proposed by the Government in 1981 when Mercury, then a joint venture between BP, Cable and Wireless and Barclays Merch-

with the Government's blessing Mercury has grown more ambitious. It is now a wholly owned subsidiary of Cable and Wispland Wireless, an experienced tele-communications operator with almost all its business overseas. The interconnection of the

petitor to duplicate the BT net-work with 21m exchange lines



UK telecommunications

A long-distance charter for competition

By Jason Crisp

point-to-point telephone lines to companies for their internal as bad as they might appear as communications. The first many modern private exchanges

petitor to duplicate the BT network with 21m erchange lines ordinary BT telephone. In practice this means that most calls which Mercury carries will start and end on the BT network. As much of BT's local network in they can choose which will carry their call.

Mercury has nearly completed a trunk telephone network in England—with a link to Scotland—shaped in a figure of eight from London to Bristol, Birmingham, Manchester, Liverpool and Leeds. It is using optical fibres which can carry huge volumes of telephone traffic and will shortly instal its first exchanges.

At the moment Mercury leases

These problems are not quite communications operator with almost all its business overseas.

The interconnection of the two telephone systems is necessary because it would be inefficient, uneconomic and indeed downright impossible for a competitor to duplicate the BT network wift 21m exchange lines. The first many modern private exchanges dialled calls will begin in April, can be programmed to do a substantial part of the process automatically. But it will still use take longer than using BT. Mercury will be connected to Mercury is expected to sell a telephone which will automatically dial its network and ordinary BT telephone. In practice, the interconnection of the process automatically. But it will still use to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process automatically. But it will still take longer than using BT. Mercury will be connected to the process.

profits on long distance and international calls which it uses to subsidise line rentals and local calls. Not only is there considerable room for Mercury to undercut BT but it also has much lower overheads and benefits from using the latest technology which is cheaper.

market But within a year of starting the dialled service it expects to begin selling to expects to expect to expects to expect to expect to expect to expect to expect to expect to

to respond, although both may be keen to avoid a price war. If it is to reduce its trunk and international call prices, BT will have to put them up elsewhere. It has already had a row with Oftel for hinting that prices for small residential rentals could go up.

BT has several options but it is also hemmed in by its commitments and potential political problems. The biggest constraint is its licence which restricts the increases for most inland calls to a maximum of 3 percentage points below the annual increase in the Retail Price Index. The BT prospectus contained a pledge that it would not increase residential exchange line rentals by more than 2 per cent over the RPI.

One response for BT would be to rebalance its tariff structure faster than it is already doing. That means local calls would go up even more. The aim is to remove cross-subsidies within the network so that prices are in line

But there are other ways in which this might be done. For instance, all over Britain rentals and call rates are the same. However, some areas are more profitable than others. more probable than others. Generally speaking, rural parts and the Greater London call area district — where a local call covers up to 40 miles—are less profitable than other towns and cities.

BT has already hinted that it may have to reconsider the promise to limit the increases in residential line rentals in the light of Oftel's rules on how much Mercury will pay for interconnection.

It could also follow a trend which has already started in the U.S. as a result of compe-

tition and charge different rates in different areas. Oftel will certainly be keen to pounce on BT if it puts up charges, as one of its roles is

to police its pricing. Oftel's argument is that Prof Carsberg took BT's commitment on rentals fully into account

when he determined the prices for interconnection. These prices may well become the centre of a dispute. BT is to ask Prof Carsberg, currently on holiday in India, how he arived Mercury's main — possibly only — advantage over BT will be its charges. BT makes huge and long distance and long distanc

heaper.

But, in any case, the reverberations of Oftel's decision are how much it plans to undercut likely to be felt by all telephone BT but it is likely to be users even if they would never between 10 and 20 per cent dream of using an alternative during the day. BT is expected to BT.





FINANCIAL TIMES

Tuesday October 22 1985

Craxi in

talks on

5-party

coalition

By James Buxton in Rome

SIG BETTINO CRAXI last night

held his first talks with Italian par-

ty leaders in his attempt to form a

new government, after receiving a

Francesco Cossiga.

He is expected to try to recreate

lapsed last week because of inter-

nal differences over the handling of

the Achille Lauro ship hijack affair.

ter, pulled out of the coalition. He did so in protest at the releas

by Sig Craxi of Mohammad Abu Abbas, the Palestinian leader,

claimed by the U.S. to have master-

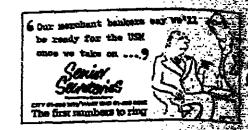
minded the hijack of the liner. Abu

Abbas was on the aircraft taking the hijackers out of Egypt which

was forced down in Sicily by U.S.

Sig Craxi said yesterday that the

re-forming



HIJACKING AFTERMATH RAISES UNWELCOME QUESTIONS IN CAIRO

Egypt displays anger with U.S.

"WE DON'T want your dollars," read one slogan in the recent spate of anti-American rallies in Cairo protesting against this month's forcing down of the Egyptian air-craft carrying four hijackers of the Italian cruise liner Achille Lauro.

The events of the past several weeks have been an unpleasant reminder of the extent of Egypt's

but what would they do without it.

Government officials and business leaders are anxious that the fallout from the Achille Lauro affair

Wuatever and Casappoint ment, reprisals would be counterproductive from Egypt's standpoint. In just one decade since former President Anwar Sadat wrenched is not allowed to damage commercial relations. But they recognise that there is genuine public anger. A major concern is to make sure Total U.S. assistance jumped from that these protests do not develop just \$21.3m in the 1974 U.S. fiscal into mass action against the Egyptian Government itself.

The U.S. is very shortsighted." The U.S. is very shortsighted," for grain purchases under the U.S. Dr Ahmed Showki, a chartered accountant and vice-president of the funds are allocated as grants (mili-American Chamber of Commerce in Cairo, said. "What they did to Egypt is to affect the political stability of

the country as a whole." President Hosni Mubarak's own criticism of U.S. "piracy" reflected apparent determination not to be outdistanced by popular outrage. Opposition parties and sections of of funds of such magnitude that 48m and is growing at a rate of 2.7 the press have demanded a firmer Egypt could possibly hope to draw

THE U.S. and Egypt appeared yes- gesture from Washington - possibly terday to take a step towards a U.S. agreement to go ahead with a smoothing over differences that meeting between American officials arose from the forcing down of an and a Jordanian-Palestinian del-Egyptian aircraft carrying the four egation as a means towards hijackers of the Italian cruise liner opening direct Arab-Israeli talks. Achille Lauro. But it seemed that Cairo was seeking a substantial

tian relations have mushroomed

tem in Cairo - the largest civil engi-

There is no other potential source

assistance in family planning.

year to \$2.3bn in 1985.

Details, Page 4

dependance on U.S. largesse. The stand against the U.S. For Mr Mu- on and still it is not enough, in the question for many Egyptians is not barak and his advisers the fact is past year, Cairo has been seeking whether they want U.S. assistance that, whatever their disappoint additional U.S. support to help cope with deteriorating economic cir-cumstances and, in particular, to help it to meet commitments on its military debt, which is in arrears. Egypt away from its close links with the Eastern bloc, U.S.-Egyp-On the first of two visits to Wash-

ington this year, Mr Mubarak requested an extra \$865m to help Egypt fulfil its five-year development plan. He was allocated an additional \$500m spread over fiscal Except for concessionary credits years 1985 and 1986.

Since 1974 Egypt has received \$17.4bn in grants and soft loans, most of that coming in the years since the signing of the Camp David tary assistance was converted totally to grant aid this year), spread between a multitude of programmes visit to Jerusalem in 1977. ranging from a new sewerage sys-

The money has gone into moder-nising Egypt's armed forces, tack-ling a debilitated infrastructure and in helping to feed an Egyptian pop-

Egypt, from being a net exporter of agricultural products a little more than a decade ago, now imports 50 per cent of its food

Food grain imports are in the or-der of 80 per cent to 70 per cent of Egypt's needs. The U.S. supplies more than a half of this under various programmes ranging from outright giffs to commercial arrange-ments entered into by Egypt's Min-istry of Supply. In calendar 1984 Egypt's wheat, flour and maize imports totalled almost 7m tonnes 3.8m of which came from the U.S..

Egypt is America's second largest export market in the Middle East after Saudi Arabia. In 1983 U.S. exports totalled \$2.8bn against imports of \$303m, mostly petroleum

According to a U.S. Embassy report, \$1.8bn of the \$2.8bn exports to Egypt were funded by U.S. assis-

tance disbursements. Of this, \$714m was under the foreign military sales programme; \$270m from concessionary PL 480 loans; \$565m in grants in connection with U.S. aid projects and ments support as Egypt acquired capital goods and bulk commodities such as corn or coal under the Commodity Import Programme (CIP).

political crisis he was trying to resolve "could turn out not to be easy to solve." It would be necessary, he said to reach agreement between the political parties both on matters of foreign policy - the issue that sparked off his previous government's fall - and on internal affairs, including the economy. Nevertheless, the view of most

observers in Rome is that the crisis is a good deal less bleak than it appeared when Sig Craxi resigned For one thing, all the five parties

in the outgoing coalition - the Cristian Democrats, Socialists, Republicans, Social Democrats and Liberals – now favour the reconstruction of this alliance.

More important is the fact that Italy and the U.S. have now mended their relations which were seriously strained by the Achille Lauro affair, thanks to the mission to Rome at the weekend of Mr John Whitehead, the U.S. Deputy Secretary of State, who took Sig Craxi a friendly personal letter from President Ronald Reagan.

The improvement in relations has been achieved without Sig Craxi having to give any ground, despite the unusually tough words he used about the U.S. in his resignation. The TUCs decision to intervene nation speech last Thursday. This

> parties which made up the last gov ernment. It is, therefore, likely to come under increasing pressure to sink its differences with Sig Craxi and lend its support to a new

Although Sig Spadolini has said he also favours the recreation of a five party coalition, he knows that the Republicans' share of the vote, although relatively small, is crucial to creating a stable administration.

A four-party coalition without the
Republicans would have a very narrow parliamentary majority. The negotiations over the coming

few days are, therefore, likely to be intense. They will also be interrupted by Sig Craxi's visit to New York for President Reagan's meeting of the leaders of major industrial pow-ers which takes place on Thursday. It was Sig Craxi's threat not to attend this meeting that made the U.S. Government hurry to patch up its relations with Italy.

Allied-Signal hit by oil unit disposal

By Terry Dodsworth in New York ALLIED-SIGNAL, the U.S. aerospace and industrial products group formed by a large-scale merger ear lier this year, announced a sharp fall in earnings in the third quarter but said the decline was due mainly to Allied's divestment of a 50 per cent stake in Union Texas Petro leum in July.

iary holding was part of a strategy which led to the agreement with

In the third quarter, however, only \$12m of Signal's earnings were included because the merger was completed towards the end of the quarter. In the meantime, the loss of earnings from Union Texas depressed group results by more than \$30m, or 29 cents a share, leading to a drop in net income to \$95m, or 83 cents, against \$126m, or \$1.30, in the same period of last year. Sales amounted to \$1.9bn against \$2.6bn

Mr Edward Hennessy, chairman, said the newly-amalgamated group THE LEX COLUMN

No partners for Matilda

The launch of Britain's first multi-billion pound leveraged takeover turned out to be a bit of an anti-climax. No household name: have subcoribed to the offer and the terms are almost exactly as forehadowed in early September.

ringuiciat dings, patintics, octions, 48, 1800

If Elders expected that the addition of 5p per share to its initial figure of 250p would generate any en-thusiasm, it will have been disappointed.

the five-party coalition which col-This is an unusual bid in every respect, and almost nothing can be taken for granted. For example, while the indentity of the target is clear, the identity of the bidder is The Government fell because the Republican party, led by Sig Giovanni Spadolini, the Defence Minisnot. The offer is being made in the name of IXL, a specially-created ve-hicle in which Elders IXL has an interest of just over 20 per cent. The majority of IXL is held by the consortium banks which are lending Elders so much money and the balance by companies friendly to the Elders cause

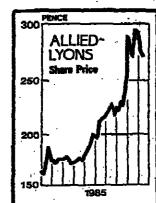
> Elders will presumably argue that this structure is a mere technicality, since it can exercise call options over the equity in DXL, and a subsidiary of IXL, which it does not already own. That is not the point. Yesterday's statement left the clear impression that Elders was making the bid, which it is not and will not unless it exercises the options.

The purpose of this unusual strategem is to keep Allied-Lyons off the Elders balance sheet until the debt accumulated in the takeover has been paid down to a respectable level.

What Elders shareholders think of this is their own affair. But it is odd, to say the least, for a company to acquire a company very much larger than itself and then treat the acquisition as an unconsolidated investment on its balance sheet.

It is odder still for a bid to be made by a company of which the beneficial ownership is obscure. The matter of who owns IXL might almost have been overlooked if the offer had been straightforward in most other respects. But, as the UK's first highly leveraged takeover, it will inevitably attract an unusual amount of scrutiny.

Elders is certain to fail at this price and no doubt recognises the fact. It is presumably hoping to sound out the Office of Fair Trading with a sighting shot and leave itself with more time to tempt in prospective buyers of the food division. Now that the consortium ap-



will not be able to secure control of Allied without building up a level of debt which would be unacceptable to shareholders of a Ut. company. The fact that Elders is not a UK

company does not substantially aler the argument. Even allowing for a reduction in debt through asset disposals and the release of equity in the tied estate, it is fair to conclude that Elders' gearing will leave Allied - and its employees - with a more precarious existence. To justify that risk, Elders needs to supply more convincing management arguments than it has marshalled to

BP's banking British Petroleum's announce-

nent that it is to restructure \$6.5bn of short-term credit lines will hardly add oil to the troubled waters of commercial banking. Not only will BP be able to borrow money at fashion. It is pitched nearly til ne much lower rates, with a possible saving of around % of a percentage point; it is also doing much of the value, and probably pushes to banks job for them. Its own bank is price right up to the limits of the leading the deal and is asking 90 commercial banks to bid not just for the paper but also for the fees they are willing to accept to underwrite and distribute the notes. So sults of 1984 the gross interest have the panel one stage further than usual might still soak up something like. banks now have to determine the fee income they are willing to sacrifice in order to maintain a relationhip with such an important chent. The commercial banks are under-standably upset. All those who went for "safe" fee income rather than lending margins after the debt cri- better idea than any alternative tid-

maintain their margins, they on of course, rebel and refuse to der. But they know particip that any attempt at forming a conwould fail: for every bank the willing to join, there must be to three more who are prepared by business from a valued cu The banks may complain that

is not playing the gams, Manager can hardly blame the company. There seems no reason -There seems no reason — ending wanting to retain the hands will — for BP to pay them a to doing business that it can just well do for itself. But they may least take comfort in the fact only a few of their clients with e to bypass them in such a BP has what it takes - expersize credibility, low gearing and in-house bank - and not many

Macv

The way Macy slashed as a gins in the quarter to August a mayed many Wall Street obserdant. who found a 48 per cent drap is income hard to swallow Anit may not be all that much have with Macy now that the turns out to have been the proper to a \$3.5bn buyout to which is the same seems to value Man. per share seems to value Man self a long way above the bas

Indeed, the offer seems to all the marks of current Wall State cent above the market, repres something like three times bec buyout models would reckon as a leverageable proposition.

Assuming that Macy can hauf it self back to match its trading rethree quarters of cash flow.

With the inside information avail able to management the bidders in doubt have in mind a list of dispos sis must now feel that there is no der what recovery in earnings to exobvious business in which they can pect. If \$70 does not prove a knowledge make money. They must also be out blow, against all the odds. worried that more corporate trea- Macy's management will have

Receiver appointed at Edgley **Aircraft**

EDGLEY AIRCRAFT of the UK vation aircraft, has been placed in the hands of receivers at the request of the company's directors.

The company makes the slow of a yes vote. moving Optica aircraft, which has a Mr. Albert W. glass bubble fuselage, for observation duties usually carried out by The future of the 270 staff at the

Edgley Aircraft factory in former Royal Flying Corps hangars at Old Sarum, Salisbury, Wiltshire is like-ly to be decided today when Mr Christopher Barlow and Mr Martin iredale, chartered accountants from the receivers, Cork Gully, decide on

company.
"My objective is to find a buyer for the business and assets as a going concern and, to this end, I am contacting interested parties as a matter of urgency," Mr Barlow said vesterday.

Mr Barlow believes the Optica project can be viable. He would not discuss the background to the deci-sion by the directors of Edgley Aircraft to instruct Lloyds Bank, its bankers, to call in receivers.

It is understood that undisclosed high development costs, the length of time the Optica has been under development - about 10 years - and concern about the ability of the company to sell the Optica, may have combined to undermine the confidence of investors and bankers in the project.

"There are about 46 aircraft in various stages of manufacture and there are firm orders for 16 and potential orders of up to a further 100 aircraft," Mr Barlow said.

This compares with forecasts by Mr John Edgley, the chairman and managing director and the designer of the Optica, that he expected 2,000 Opticas to be sold in the next 10 years to civil aircraft users alone. Edgley Aircraft announced in February, when the Optica gained

its certificate of airworthiness from the Civil Aviation Authority, that it had equity capital of £3.047,850 (\$4.35m). The main shareholders included some directors and almost a dozen City of London institutions and investment trusts.

The company's merchant bank, J. Henry Schroder Wagg, which helped win institutional support for the company, said last night that the company was now out of its hands. The bank made no further com-

Independent UK miners' union likely to gain more support

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

dent Union of Democratic Mine-mineworkers' disunity. workers, (UDM) a rival to the National Union of Mineworkers (NUM), yesterday scored three charge of the union's finances, said

Mr Albert Wheeler, the National Coal Board's Nottinghamshire area director, said that the board would only recognise the "duly elected" entatives" - which means the representatives'
UDM officials.

In Durham, the breakaway Colliery Trade and Allied Workers Association, which claims some 1,600 members, voted by a 98.2 per cent majority to affiliate to the UDM an expected result but with a higher

In further developments: The NCB announced the closure of St John Colliery in South Wales and is set to announce the closure of Bates and Horden pits in the north-east of England today. All three have been waiting for a final decision on negotiations on a re-

seems to mark its intention to preempt any further such negotiations. • The Trades Union Congress (TUC) finance and general purposes committee, its "inner cabinet," decided yesterday to seek a meeting with the full NUM executive, to determine whether the TUC might

BP to set up

Continued from Page 1 short-term securities in the Euro-

as in the past.

\$6.5bn facility

vised colliery review procedure -

the board's decision to close the pits

BRITAIN'S newly-formed indepen- have a role in repairing the majority in favour of such a move

they were prepared - subject to le-Daw Mill in Warwickshire, one of gal advice - to pursue a £1m (\$1.4m) the country's most productive pits, claim against the three national is to ballot on affiliating to it with leaders of the NUM, instituted by certainty among its miners' officials Mr Michael Arnold, the courtappointed receiver of the union's

> Appeal reserved judgment on the appeals by two Welsh miners serving life sentences for the murder of a taxt driver during the pit strike. Lord Lane, the Lord Chief Justice, said the case raised difficult and important issues and no immediate decision could be given.

byshire has been boosted by the decision yesterday of officials at Daw Mill to hold a ballot on November 4 of the 1,200 miners on affiliation to

Mr Gus Johnstone, the branch delegate, said that the vast majority of miners wished to join the UDM and that many hundred of miners in other Warwickshire pits would be the majority union in Warwickshire in three months time.

If the ballot showed a yes vote, the pit would initially affiliate to UDM, then set up a separate War-wickshire section. A ballot in the pit Coal price rise, Page last month showed a 77 per cent

in principle.

The South Derbyshire section begins independent pay talks with the National Coal Board today. Mr Arthur Scargill, the NUM president, last night called Mr

Wheeler's intention to recognise only the UDM A "clear violation" of the 1947 Nationalisation Act. He said the issue had been referred by the union to the industry's national reference tribunal. Mr Scargill said: "This latest at-

tack against our union by Ian MacGregor (the NBC chairman) proves the coal board's support for breakaway, which has been created to smash effective trade unionism. It will not succeed."

The UDM's stated intention to in the steadily worsening split appush its boundaries beyond those of Nottinghamshire and South Der-from Mr Mick McGahey, the NUM

The Steadily worsening split appush the steadily worsening split appush its boundaries beyond those of peared to gain cautious approval with that of Sig Spadolini.

The Republican party is at presvice-president and a member of the ent without allies among the other TUC "inner cabinet."
Peter Riddell, Political Editor, in

London writes: Mr David Steel, the Liberal Party leader, yesterday said he would be prepared to meet the UDM leaders

In a message to local Liberal par-ties in the East Midlands, he said he hoped that "the new union will also join. He expected the UDM to develop a healthy relationship with all parties, and will not continue along the damaging path of a single-mined association with just one party, which is backing the the South Derbyshire section of the trade union movement into a corner

Coal price rise, Page 9; Closure reviews, Page 11

UK dictates extent of

markets and in the U.S. commercial paper market, rather than through direct borrowing from its bankers Such refinancing of credit has grown common in the Euromarket this year, although not on the large

scale envisaged by BP. Its proposal has presented its rs with the invidious choice of either having to abandon their rela-tions with BP entirely or accept a steep fall in their earnings from doing business with the company.

Therefore BPs plan has not me with much enthusiasm so far, al-though the consensus yesterday was that the deal would get done since few of the banks asked to bid will want to forgo the chance of doing future business with a customer

action against Pretoria

Continued from Page 1

been canvassed, such as President er that she risked a split in the Julius Nyerere of Tanzania, M Pi-erre Trudeau, the former Canadian In the end, the British Prime

usually reflects officials thinking - violence on all sides."

acting as negotiators for a larger in an atmosphere of violence."

month. Some names have already group of countries, told Mrs Thatch-

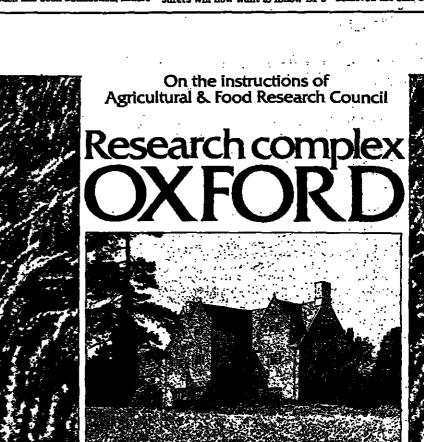
Prime Minister, and Mr Malcolm Minister accepted what are gen-Fraser, the former Australian erally regarded as minimal, if sym-prime minister. But so far those bolic, additional economic mea-names are no more than suggessures, but only in return for a declaration that the Commonwealth Although the South African Gov-would try to initiate a dialogue be-ernment has yet to respond to the tween the Pretoria Government proposal, a commentary on the and black community leaders "in state-controlled radio - which the context of a suspension of

was scathing.

A critical point was reached at considered an essential feature of the Commonwealth meeting on the accord by Mrs Thatcher. I feel Sunday evening after Mr Rajiv very strongly indeed that we should Gandhi, the Indian Prime Minister, do all we can to help end the vio-and Mr Brian Mulroney, his Canalence in South Africa, because nedian opposite number, who were gotiations are not likely to succeed

The sale of the oil and gas subsid-

Signal, a move which has created one of the 10 largest manufacturing groups in the U.S. The divestment brought in \$1.4bn in cash, helping finance the acquisition of Signal and reduce debt.



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World Weather

Elders offer rejected Continued from Page 1

Allied, which is advised by S. G. dicrously inadequate" and would even deprive shareholders of their

interim dividend. It complained that the ownership of IXL was not clear and that the offer was accompanied by a large number of conditions enabling El-

ders' to withdraw at will. Sir Derrick Holden-Brown, chairman of Allied, said the offer was "a complete non-starter and smacks of failure. Mr Elliott has failed to put bid that might succeed." Mr Elliott said some other un-

Warburg, said 255p a share was "lu-join a consortium but Elders' had decided to proceed alone since the potential partners had not put any higher price on Allied's assets. He said that, if Elders won, it would retain Allied's brewing and

wines and spirits divisions and sell its J. Lyons food interests as going concerns to specialist food The British Government has yet

to decide whether to refer the bid to the Monopolies Commission. Mr Eitogether a consortium and he has liotts said he saw no reason for a was moving to increase per share failed to get the backing to make a referral, since Elders would increase competition in the brewing by a significant streamlining of



SECTION II – COMPANIES AND MARKETS **FINANCIAL TIMES**

Tuesday October 22 1985

Former oil

chief dies

M JEAN RIBOUD, who stepped

down only a few weeks ago from the chairmanship of Schlumberger,

and electronics group, died yester-day of cancer at the age of 65. A close friend and industrial af-

fairs adviser to President François Mitterrand, M Riboud was one of

multinational company based in the

U.S. During his 20 years at the head

- be is credited with having built it

up into an expertly managed com-

pany that achieved world leader-

ship in its field. He diversified

Schlumberger away from its base in oil services by taking over Pairchild, the Californian semicon-

Born into a Roman Catholic

Lyons banking family, M Riboud al-ways regarded himself politically as

eff-wing. He was close enough to M

Mitterrand to be considered a

strong candidate for the post of In-

dustry Minister when M Jean-Pierre Chevènement resigned in

1983. The following year he was tipped as a contender to succeed M

Pierre Mauroy as Prime Minister.

tive man, M Riboud survived depor

the time to pursue intellectual and

Union Carbide

unit to be sold

By Bernard Simon in Toronto

UNION CARBIDE of the U.S. is to

terminate production of polyethy-lene in Canada as part of previously

announced plans to improve its fi-nancial performance.

The company's 75 per cent-owned Canadian subsidiary said yesterday that it was looking for a buyer for

its 195,000 tons-a-year plant at Sar-

nia, Ontario, the centre of Canada's

Another plant in Montreal, leased

The decision reflects the high

to the state-owned petrochemical company Petromont, is unaffected.

cost of domestic feedstock's and low

petrochemical prices. Total Canadi-

an polyethylene capacity is about 1.2m tons a year, but demand is running at only about half that lev-

el. The Sarnia plant is operating at

about three quarters of capacity

and the company has suffered "se-vere" losses from its polyethylene

business for the past four years. Union Carbide Canada has taken

a C\$96m (U.S.\$70m) write-off in the

third quarter, representing part of its polyethylene assets and further operating losses until the Sarnia

plant is sold. The company posted a loss of C\$102.7m after this charge on sales of C\$474.6m in the nine

Mr Norman Kissick, Union Car-bide Canada's chairman, said the

large write-off should put the com-

months to September 30.

polvethylene

ductor pioneer

group

By Our Paris Staff



Beatrice

rejects

\$4.9bn

buyout bid

Mack to cut Allentown output with new plant

MACK TRUCKS, the U.S. heavyduty-truck maker, which is 40.6 per cent owned by Renault, plans to close its manufacturing facility at recession in the U.S. lorry market. Allentown, Pennsylvania, and re- Mack has another plant in Pennsylplace it with a plant, to be complet- vania and another in Canada. ed by the middle of 1987.

The effect will be a reduction in capacity at Allentown from about 100 trucks a day at the present plant – built in 1926 – to 70 trucks a day. The company believes it will be able to save \$80m a year before taxes with the new facility.

The restructuring and invest-ment plan led to a \$70m pre-tax provision in Mack's third-quarter accounts, which showed a consolidated net loss of \$64.5m compared with net earnings of \$24m in the same period the year before.

Probe ordered

into AEG

ing a majority stake.

to their records.

ing back to May.

share deals

By John Davies in Frankfurt

The AEG share price rose sharp-

ly before trading in the share was

suspended on Friday, October 11.

Details of Daimler-Benz's plans

The suggestion that there may

have been insider trading was

made by the Association for the

Protection of Shareholders, a group

which acts in the interests of pri-

vate stock market investors. In a

Herr Edzard Reuter, Daimler-

Benz's finance chief, has stressed that Daimler bought no AEG shares

on the stock market. Nor had banks

connected with Dairnler or AEG

been involved in such transactions

Daimler has acquired a 24.9 per cent stake in AEG by subscribing to

an increase in AEG's capital and

has offered to buy further equity at

The consortium of bank sharehol-

ders in AEG has indicated that it will sell enough shares to give Daimler a majority, if the takeover

is approved by the Federal Cartel

stantially in the last few months.

of practice - not a legal statute. Insider trading is defined narrowly.

CIT mandates

\$200m facility

CTT FINANCIAL, a finance compa-

ny which is a subsidiary of Manu-facturers Hanover, has mandated

Morgan Stanley to arrange a \$200m

facility under which the borrower will be able to back U.S. commercial

The five year credit has a facility

and front-end fees of 10 basis points

each, a utilisation fee of 10 basis

points if the credit is more than half

a tender panel.

γį

Just before its stock market trad-

DM 170 (\$65) a share.

Office in West Berlin.

were disclosed on the following

Renault is continuing to bank on its relationship with Mack to develop products for the U.S. market. The French state-owned truck maker is marketing its new FR-1 coach in the U.S. through Mack, with the Midliner range of medium-sized

Apart from the Allentown facili- FFr 1.2bn in the first half of 1984. The group is expecting to lose about

> division of the private Peugeot car group said it envisaged reducing 9,000 jobs over the next three years to improve productivity. That would bring down the division's total workforce to about 61,000 people in

M Jacques Calvet, chairman of Peugeot, said recently that the group, including the Citroen car division, would shed about 10,000 jobs The French group's Renault RVI vision, would shed about 10,000 jobs division is still losing money but at this year and would have to continue hower rate than last year. First use making workforce cuts average

half losses at RVI totalled about ing 3 to 4 per cent a year in coming FFr 800m (\$99m) compared with ye Falling oil price hits the chairmanship of Schlumberge the Franco-American oil services and electronics group, died vestes

BY OUR NEW YORK STAFF

THE FRANKFURT Stock Exchange is looking into suggestions that there may have been "insider trading" of shares in AEG, the electrical concern, before the announcement that Daimler-Benz was seek-

The stock exchange said yesterday that a committee would make preliminary inquiries and, if there appeared to be grounds for suspicion, it would investigate the individuals concerned and seek access petrol sales for most of the quarter.

> and production operations earned \$218m in the latest three mouths, down from \$260m a year ago. Foreign exploration and production operations earned \$135m in the third quarter, about \$101m less than the corresponding figure a year ago. The group's worldwide refining and in the third quarter, compared with

letter to the Frankfurt exchange, it the latest three months against asked for an investigation extend- \$2.14 a share last year. For the nine \$1.56bn or \$5.91 a share.

months earnings fell 9 per cent to

Occidental's nine-month net income is up by 67 per cent Second World War for his activities
Ashland Oil earned \$46m in its in the French Resistance. During fourth quarter, compared with a net his long business career on both 1.56bn or \$5.91 a share. 1984. For the year the group earned Occidental Petroleum was able to \$147m or \$4.12 a share, compared report a 150 per cent jump in third- with a loss of \$172m or \$7.40 in

Amoco at 9 months

most profitable U.S. oil groups, yes sale of half its Colombian opera-terday reported an 18 per cent drop tions to the Royal Dutch/Shell in third-quarter net income to group. \$490m, mainly because of the impact of falling oil prices and foreign

chief executive, said the downturn an effect on the industry overall, he was partially offset by improved re-sults from downstream (refining group had been able to report sigsults from downstream (refining and marketing) operations which were helped by strong margins on

\$65m last year.

Amoon earned \$1.87 a share in

the few Frenchmen ever to have worked his way to the top of a big AMOCO, one of the biggest and taking a \$243m after tax gain on the of Schlumberger - which earned \$724m on sales of \$4.89bn last year

Dr Armand Hammer, the 87year-old chairman of Occidental, says that while the reduction in Mr Richard Morrow, Amoco's crude oil prices continues to have nificant improvement for the quarter and the year to date.

The group's oil and gas earnings The group's domestic exploration for the latest three months, which were boosted by the Royal Dutch/ Shell disposal, rose from \$195.6m to \$328.2m. The group's chemical operations increased their third-quarter profits from \$16.1m to \$21.3m and agribusiness earnings jumped from \$2.9m to \$27.8m. The coal business moved from a \$1.1m loss last year marketing operations earned \$102m to a \$15.6m profit in the latest three

quarter net income to \$381.7m after fiscal 1984.

Pirelli shows \$39.4m profit at six months

cables group, yesterday announced regate net profit of \$39.4m in the first six months of this year. higher than the \$37m expected by \$32.3m in the first half of 1984.

ing was suspended on October 11, AEG's shares were being quoted at The profit was struck on \$1.7bp of DM 181. At the beginning of this year, AEG was changing hands at just over DM 100 but has risen subfirst-half turnover from operating companies in 16 countries. For the whole of last year, Pirelli's aggre-gate net profit was \$72.2m on \$3.5bn of turnover. In West Germany, insider trading is a delicate area covered by a code

Sig Jacopo Vittorelli, managing director of the Pirelli SpA holding company, which controls 46 per cent of group subsidiaries, also revealed that Pirelli had paid FFr 10m (\$1.2m) to acquire a 15 per cent expected this year to better its stake in Velec, a French electronic L14bn (\$7.8m) net profit of 1984.

PIRELLI, Italy's leading tyre and components business operating in opto-electronics. This acquisition fits in with Pirelli's strategy of supplementing its cables business (43 per cent of group turnover) with applied systems in data transmission. Other recent share acquisitions by Pirelli in this sector include David Systems and Litel in the U.S. and Focom Systems in the UK.

> Pirelli's aggregate turnover of \$1.7bn in the first half was down slightly on the first half of 1984.

In Italy, the Industrie Pirelli operating subsidiary, which accounts for 30 per cent of group turnover, is

Bouygues nets \$17m

BY DAVID MARSH IN PARIS ion group, has announced a 5.8 per cent increase in first-half group net

paper and issue Euronotes through profits to FFr 138.4m (\$17.2m), compared with FFr 130.9m in the first six months of 1984. Depreciation charges for the first half rose 8 per cent to FFr 217m. The company said group turnover

drawn and a margin of 12% basis for the whole year would rise about points over London interbank 4 per cent from 1984 to FFr 25.7bn, with net profits also rising above construction sector.

BOUYGUES, the French construct- last year's level of FFr 452m for the

Last year, group net profits rose by 34 per cent, with the proportion attributable to the parent company increasing 21 per cent. The likeli-hood of slower profits growth in coming years has spurred Bouy-gues to decide a number of diversification moves out of the troubled

The French franc market has the benefit of an informal new issue calendar and the latest issue for Banque Française du Commerce Exterieur met a good trading response around the 100% issue price. The FFr 500m five-year issue has a 10% per cent coupon, lower than other recent issues. Lead manager is Société Générale.

• Chemical Bank International has appointed Mr Paul Walsh as executive director in charge of sales and trading. He comes from Hill Samuel and brings with him Mr John Campbell and Mr Tony

Sears profits slip after insurance unit setback

BY WILLIAM HALL IN NEW YORK

SEARS, ROEBUCK, the biggest U.S. retail group, yesterday report-ed an 18.6 per cent drop in thirdquarter net income to \$262.2m, primarily because of a sharp downturn in the profits of its Allstate isurance group. Allstate, which was established

by Sears in 1931, suffered a 39 per cent slide in third-quarter income to \$128.9m, partly because of the effect on claims levels of hurricanes Gloria and Elena, which cost the company \$33m after tax. In addition, the comparable 1984 figures for Allstate were boosted by a one-time \$60m tax credit.

Sears, which boasts that three out of every four U.S. adults shop in first nine months of 1985 Sears ported that the profits of its merclose to two thirds of its \$40bn a \$18.37bn. year revenues, rose just \$3.1m to \$166.9m in the latest three months.

BY TERRY BYLAND IN NEW YORK

on Wall Street after two big compa-nies reported that the fall in the

U.S. dollar has not yet helped to im-

prove results from overseas opera-tions. Unfavourable exchange rate

fluctuations took \$21m off sales at

Bristol-Myers in the third quarter,

while currency translation had a

national sales of Smithkline Beck-

At Bristol-Myers, which takes nearly a third of sales and profits from outside the U.S., net earnings

increased by 12 per cent to a record

\$149.9m, or \$1.09 a share, said Mr

Richard Gelb, chairman. Sales, also

man in the same period.

Always discreet and even a secre- | a record, jumped by 10 per cent at

negative impact" of \$15m on inter-

conditions in a highly competitive He noted that the beginning of

Sears' 100th anniversary celebra-tion next month "is a decided plus as we enter the all-important Christmas season." The retailing giant was introducing a number of products in the coming months that would focus attention on its innovation and "traditional stengths of value, quality and selection. Revenues of the Sears merchan-

dise group in the third quarter rose from \$6.46bn a year ago to \$6.50bn in the latest three months. For the merchandise's operating profits were 17 per cent down at \$381.2m chandise group, which accounts for on revenues marginally ahead at

Sears' recent expansion into areas outside its traditional retailing base still show little sign of

per cent and domestic sales 11 per

For the nine months, the group has pushed earnings ahead by 13

per cent to \$400.5m, or \$2.91 a

share, while sales of \$3,3bn show a

In fiscal 1984, Bristol earned

\$472.4m, or \$3.45 a share, on sales of

\$4.2bn. Wall Street hopes to see

earnings rise to nearly \$4 a share

this year, helped by the group's in-

At Smithkline, net earnings im-

proved from \$129m to \$131.8m in

the third quarter, with share earn-

ings 5.6 per cent up at \$1.69. Sales

Benefit of falling dollar slow to

affect pharmaceutical groups

5 per cent increase.

troduction of new drugs.

cent higher.

PHARMACEUTICAL stocks eased \$1.2bn, with international sales up 8

deceleration in the growth of per-sonal income and soft economic would make its management hap-py. The Dean Witter financial services group reported a third-quarter loss of \$7m, compared with a loss of \$7.6m a year ago. The latest results include a \$2.1m loss related to the introduction of the Discover credit

> For the first nine months of 1985 Dean Witter had net income of 59.3m which compares with a loss of \$28.8m a year ago. Revenues totalled \$2bn, up from \$1.83bn in the first nine months of 1984.

Sears' Coldwell Banker property group produced income of \$34.7m compared with \$4.6m a year ago but the figures are inflated by the sale of a shopping centre. Sears World trade lost \$3.3m against \$7m a year

Sears, Roebuck's net income is 16 per cent down at \$751m and revenues are 4 per cent ahead at

gained 9.3 per cent to \$820.7m. The

company expects foreign exchange factors to be favourable in the final

quarter if the dollar remains at its

For the nine months, earnings

are a mere \$1.8m up at \$384.8m. or

\$4.89 a share, on sales of \$2.4bn

Fiscal 1984 brought net earnings

of \$500.3m, or \$6.19 a share, at

Market shares of Tagamet and

Dyazide, Smithkline's two best sell-

ing drugs, maintained market

shares in the ulcer and blood pres-

sure markets, in the face of increas-

Smithkline on sales of \$2.9bn.

against \$2.2bn.

ine competition.

By Terry Dodsworth in New York BEATRICE, the U.S. food and consumer products conglomerate, with goods ranging from truit juice to cosmetics, has rejected a \$4.91bn takeover bid, calling the proposal inadequate and not in the best interests the shureholders."

Despite the rejection, the tone of the board's remarks left Wall Street convinced that the company was inriting a higher bid from Kohlberg Kravis Roberts (KKR), the investment group mounting the \$45-

In early trading yesterday, the shares fell back a little but even after a decline of \$4 in extremely heavy volume, the price remaine above the offer at \$45%.

There is no indication so far of an alternative offer coming from an

outside source. KKR, a New York group which specialises in leveraged buyouts deals in which funds borrowed for an acquisition are secured on the assets of the target company - is believed to be working with Mr Do-Esmark, another former food conglomerate, on the Beatrice buyout.

Rio Tinto to expand mine

RIO TINTO-ZINC Corporation's 49 per cent-owned Rio Tinto Minera is to embark on a Pta 6bn (\$37.2m) expansion of its precious metal operations at the Minas de Riotinto mine in Huelva Province, southern

The expansion, which will double the annual treatment rate of gossan (oxidised) ores to 5m tonnes, will allow gold production to be maintained in the face of falling ore output of silver.

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hat more perfect way to stake your claim than by purchasing five glorious acres in the Colorado Rockies for yourself and those you love. At Sangre de Cristo Ranches you can still own a sizable piece of America at a very modest cost and on easy credit terms. This is scenic land in one of the fastest-growing states in the USA, a piece of the unspoiled, romantic old

Sangre de Cristo Ranches is a subsidiary of Forbes Inc., publishers of the highly respected American business and financial publication, FORBES MAGAZINE. The land being offered for sale to you is a part of the huge 258,000-acre Forbes Trinchera Ranch, one of the oldest of the remaining big ranches in America. A sportsmen's paradise in all seasons for hunting, fishing, riding, hiking and boating. With fine skiing less than 50 miles away, the ranch ranks among the world's best-known preserves for deer, elk, game birds and other wildlife.

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Obtain the Property Report required by Federal law and read it before signing anything. No Federal agency has judged the ments or value, if any, of this property.

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Name	•
Telephone	

Revival in demand for Canadian paper

THE EURODOLLAR bond market was overshadowed yesterday by ac-tivity in the Canadian dollar sector. Two new issues were launched, following three last week.

Yesterday's borrowers were Bank of Montreal with a CS75m sevenyear deal led by Union Bank of Switzerland (Securities) and Montreal Trusteo with a C\$50m fiveyear deat led by Orion Royal Bank. New issue managers say there has been a revival of demand for Canadian dollar paper among retail in-

vestors in Europe Bank of Montreal is paying a 10% per cent coupon with a par issue price. Montreal Trustco is offering a higher margin over Canadian Government bond yields with an 11 per cent coupon and a 100% issue iees of 1% per cent.

BHF Bank bond average 104,548 Low 99,840

In the Eurodollar market investors are still suffering a lack of direction. However, traders reported demand for recent issues by such well-liked names as Sweden and

Credit Suisse First Boston launched a \$125m floater for MCorp Financial, a Texas-based banking and financial services group. The 12-year bonds will pay interest semi-annually at % per cent above six-month London interbank offered rate, with the rate refixed

against a downward-sloping yield ket is feeling the weight of new iscurve. Fees totalled 85 basis points sues and prices fell by 4 point on and the bonds, which are non-callable for three years, were trading around the 40-basis-point selling

The D-Mark Eurobond market is also quiet, with dealers seeing neither buying interest or selling pressure. Asimag, the Austrian road-financing body, launched a DM 200m 10-year deal led by Dresdner Bank. This has a 6% per cent coupon and par issue price. The bonds were trading around 98%, inside the 2½ per cent fees.

The same borrower saw its SwFr 150m 12-year deal start official trading at a disappointing level, closing at 98% compared with the par issue price. The coupon is 5% per cent.

Marshall.

INTL. COMPANIES & FINANCE

· Şmith

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DAIWA EUROPE LIMITED

The Daiwa Warrant Index: 1953.89 (1000 = 02 Jan-1985)

NOTICE OF REDEMPTION Unrent Market Prices Offer Calculations Wmt Wmt Share BID OFFER Price Premium (%) (%) (Yen) (%) (%) (Yen) (%) Leverage Leverage 17.70 58.50 1,740 10.12 2.60 3.89 40.00 41.50 423 11.88 2.18 3.73 58.00 62.00 423 27.82 21.2 13.13 U.S.\$75,000,000 Midland International Financial Services B.V.

834% Guaranteed Bonds 1986



Midland Bank plc

Notice is hereby given that, pursuant to the provisions of the Trust Deed dated 1st December, 1976 and Condition 6 (c) of the Bonds, Midland International Financial Services B.V. has elected to redeem on 2nd December, 1965 all of the outstanding Bonds at their principal

On 2nd December, 1985, the date fixed for redemption, there will On 2nd December, 1985, the date fixed for redemption, there will become due and payable on the Bonds the principal amount thereof together with interest accrued to the date fixed for redemption. Payment of the redemption price on the Bonds will be made on or after 2nd December, 1985 at the principal office of European American Bank & Trust Company, 10 Hanover Square, New York, NY 10005, or at the specified offices of the other Paying Agents upon presentation and surrender for redemption of the Bonds together with all coupons appertaining thereto maturing after the date fixed for redemption.

The coupons maturing on 2nd December, 1985 should be presented for payment in the usual manner. On and after 2nd December, 1985 interest on the Bonds will cease to accrue and unmatured coupons shall become void.

unmatured coupons shall become void.

Singapore property still in decline

By Chris Sherwell in Singapore

THE PRESENT decline in Singapore's commercial property market is not likely to bottom out before 1987, according to local estate agents and property developers, and remains a key factor behind the island state's currently depressed economic

Figures to be published shortly by one agent, Chestertons Lim Oh, point to an excess supply in all the major sectors of the commercial market—office, retail, industrial, warehousing and hotels-right through to 1988 and beyond, with peaks in 1986 and 1987.

Other agents agree with

this assessment and say prices and rents, which have fallen further in 1985 after sliding in 1984, look set to continue weakening. Office occupancy rates have fallen from 93 per

rates have fallen from 93 per cent in 1982 to 82 per cent this year, and are projected to slip to 75 per cent in 1987.

The trend has been one of several domestic factors contributing to the dramatic economic slowdown now engulfing Singapore. After 8.2 per cent growth in gross domestic product for 1984, it expects zero or negative growth in 1985—the worst in 20 years. Some building projects have been halted, most have slowed down, and new projects are a rarity.

Significantly, government agencies have caused the oversupply of office space as much as private developers. During 1985 and 1986, at least seven new government office buildings will be completed

buildings will be completed in Singapore, constituting almost one-third of the additional supply of office space coming on the market.

Although the Government has acted to prevent at least one other such building going up—for the Ministry of Labour—the others have gone ahead and the marketing of newly completed buildings is ahead and the marketing of newly completed buildings is faring poorly. In one case, the Singapore Labour Foundation is said to have sought the Government's help in filling half of a two-tower complex.

The outlook in retailing is just as bad because of the stagnation in tourist arrivals, a major source of retail

a major source of retail nand. The trend is not demand. The trend is not belped by the strength of the Singapore dollar. Marketing of retail space in the massive Marina Square and Raffles City complexes (due to open next year, is certain to prive difficult.

On the other hand, hotels facing record low occupancy levels in 1985 are acting to counter the problem of room oversupply. Rates are being discounted heavily, making Singapore more attractive once again as a regional destination for tour operators, and two hotels have actually lowered their published rates, an unusual occurrence. A third plans to shut several ficers.

Over the past year the Government has sought to

ameliorate some of the diffi-culties facing private developers, It has allowed a 35 per cent extension of time for completion of Urban Redevelopment Authority (URA) projects, a three-year moratorium on repayments of land premiums due to the URA, a 20-point cut (to 50 per cent) in the charge levied on the enhanced value of develop-ment land, and a rebate for 8 months in property taxes... In addition, the Government has committed the URA to no further land sales for a least two more years, which should mean that five years will pass from the last sale in 1982. It has also formed a special consultative committee under the Ministry of Finance, with representatives from both the private sector and the Govern-

Tokyo membership seen for six foreign brokers

are understood to be six U.S. brokers — Merrill Lynch,

Brothers, Goldman Sachs, Mor-

Warburg, and W. I. Carr and Sons. A decision by the TSE

is due next month.

Mr Phelan did not disclose

on what information his confidence was based, saying only:

"I am known as an optimistic

Barney.

BY YOKO SHIBATA IN TOKYO

Liushcist Annier Sammar Actabet 1200.

MR JOHN PHELAN, chairman membership. Among the latter European centres that a m of the New York Stock Exchange, said yesterday he was confident that the Tokyo Stock Exchange would grant membership to as many as five or six gan Stanley and First Bostonforeign securities houses as part with the remaining four, all from Britain, being Vickers da seats to 93 from the current 83.

These would be the first sea. foreign securities houses as part of its planned expansion of seats to 93 from the current 83. These would be the first non-Japanese brokers to become members of the Tokyo exchange. Mr Phelan was speaking in Tokyo during a five-day visit to discuss the further opening of the TSE to foreign securities houses and to promote round-the-clock trading of world-scale

The TSE decided in September to expand its membership by ten seats, and set the membership fee for each at Y1.1bn (\$5.1m), paving the way for foreign participation. The exchange yesterday be-

gan to accept applications. Eight Japanese houses and ten from abroad have expressed their intention to apply for

He is a keen advocate of 24-hour trading, and stressed the need for co-operation among the stock exchanges in London, Tokyo and New York in view of the trend towards integration of world financial markets. He said the recent decision to extend trading hours by opening the NYSE 30 minutes earlier each day was a signal to domes-tic U.S. investors as well as markets in London and other

era has arrived. Because of Japan's according to the graphical position in terms of international time zones, floor markets would be floor developed among the Japan London, and New exchanges in five to 10 years he said, "What all three or have to work out is being the said, and said three or the said. clearance and settlement so that it does not matter where those stocks are traded."

In July the TSE, in replace In July the TSE, in reply a query from the Securities of Exchange Commission of the U.S., said it was reluction take measures to promote the measures to promote time being. It gave as time being. It gave as the reason the likely increase in transactions outside the market, resulting in collapse of the TSE's market concentrations. the TSE's market concentrations rules, under which all the member companies are required to bring all orders for listen stocks to the market.

Improvement at Japanese supermarket chains

BY OUR TOKYO STAFF

JAPAN'S six leading super-market chains have achieved substantial profit improvements in the half-year to August, despite a slowing in sales

growth.

The advance was attributed to efficiency measures which succeeded in reducing inventories, thus curbing operating costs. These have included computerised point-of-sale means of monitoring demand, allowing individual outlets to carry a far

per cent overall to Y2,344bn (\$10.9bn) with a strong performance in clothing sales largely offset by a decline in food turnover. Despite their modest growth

Despite their modest grown in sales, both Ito-Yokado and Seiyu managed to report a double-digit rise in profits, thanks largely to the introduction of more efficient management systems. Ito Yokado reduced inventories by using point of sales computer data individual outlets to carry a far lower level of stocks.

Apart from Dai'ei, the largest, the groups all expect these streamlining measures to produce record profits in the current full year

Sales of the six rose by 4.6

reduced inventories by using point of sales computer data to monitor demand, while Seiyu—which was in the red the previous year — swung back into profits by cutting inventories by 10 per cent using its total quality control system.

JAPANESE SUPERMARKET CHAINS								
	Parent company results, Sales	half-year to August Pre-tax profits	(Ybn) Net profits					
Dai'ei Ito-Yokado Seiyu Jusco Nichii	664.33 (+7.9%) 467.92 (+5.5%) 368.32 (+3.4%) 364.23 (+3.5%) 280.87 (+1.8%)	8.21 (+9.1%) 21.49 (+21.5%) 3.88 (+25.6%) 8.37 (+6.4%) 6.29 (+13.2%) 6.73 (+3.3%)	357 (+7.4%) 10.29 (+18.2%) 1.86 (+46%) 4.19 (+6.1%) 3.5 (+12.1%) 3.63 (+9.4%)					

Bell to issue A\$200m notes and shares

By Our Financial Staff

peter description of Perth sad yesterday it intended to sale A\$200m (U.S.\$141.1m) through a convertible note issue against the placing in an arrangement which is expected to return to Mr Robert Holmes. Court and his associations majority control over his master. investment vehicle.

The company announced pro-posals to place A\$50m of shares posals to place Assum or suggest at current market prices will institutions in Europe, and issue A\$150m in convertible notes, the latter to be quoted in Luxembourg. Half of each issue would be subscribed by the results of the convertible. chairman.

Coopers and Lybrand, Hell Group auditors, said that as a result Mr Holmes à Court would hold a further 7.1 to 77. per cent of the company. The gether with mainly family associates, he cureratly control

Mr Holmes à Court is believes in to be planning a full or partialer bid for Broken Hil Proprietars. Australia's largest company.

Losses mount at Tiger International

By Our Financial Staff

TIGER INTERNATIONAL, the struggling freight group which owns the Flying Tiger cargo airline, has repe losses for the third quarter, reflecting continued deterioration in its trans-Pacific busi-

The company incurred a net loss of \$23.3m or 77 cents a share in the quarter, compared with net profits of \$12.7m or 60 cents a year earlier. The latest oss is more than double that for the second quarter, and takes the deficit for the first nine months of 1985 to \$38.1m or \$1.47 a share, against net

profits of \$6.4m or 31 cents. Revenues slipped from \$313.3m to \$283.9m for the quarter, and from \$883.3m to \$893.1m for the nine months. Mr Robert Jensen, appointed last month as president and chief executive, said trans-Pacific revenues were down 23 per cent in the latest quarter, principally in U.S.-bound traffic from Taiwan, Korea and Japan. In contrast, revenues rose in transatlantic, Latin American and charter operations. Flying Tiger Line itself had a pre-tax loss of \$17.6m in the quarter, against profits of \$27.1m a year earlier, which included a \$13.1m pre-tax gain on aircraft



THE ASSOCIATION INTERNATIONAL

Notice is hereby given of a meeting in London on Thursday. November 14, 1985 from 10 a.m. to 12 noon at the Institute of Chartered Accountants, Moorgate Place, Moorgate, to which are invited all members of the Association who have a physical presence in the United Kingdom for the purpose of delay business in international securities as well as other institutions in the United Kingdom active in the international bend

BOND DEALERS

The meeting will give an opportunity for discussion of intended formation of a

Self-Regulatory Organization (SRO) for International Securities

pursuant to impending United Kingdom investor protection

Members affected by this legislation will have an opportunity at the meeting to present their firms for membership of the to-be-formed SRO. Forms concerning the meeting ware mailed to all AIBD members on October 18, 1985. Further forms may be obtained from the AIBD secretariat's London Office at International House, 1 St. Katharine's Way, London E1 9UN — Telephone: 01-488 0521 — Telex: 881 3069.

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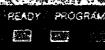
ZURICH, October 21, 1985











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North Americ quarterly res		:	AIR PRODUCTS & Industrial gases	CHERICALS	AMERICAN BRANDS		AYON PRODUCTS Cosmetics, telletries		
degreery res			Fourth quarter	1984-85 1983-84	Tobacco & consumer products Third quarter 1985	1984	Third quarter	1985	1984
H. F. AHMANSON Savings and Loans			Not per share	38 1m. 31 8m.	Revenue	\$ 1,84hn 106.1m	1460 MORE	707@ 25.4@ 0.32	747.3m 30.3m 0.36
Third quarter	1985 .	1984	ilitro menths		Not per share	1.85	Revenue	2.1bn	2.28bn
Revenue	748.8m 60.1m 2.15	705.9 _{Ph} 3.2m 0.12	Net profits	143.5m 140.8m	Net profits	5.85bn 307.9m 5.35	Not per spare	89m 1.12	108m 1.27
	ITE	281					BRUMSWICK Marine, recreational p	reducts	
<u> FIIN</u>		11/	AHON	AL BON	D SERVICE		Third quarter	1985 \$ 384,4m	1984 \$ 358.1m
The list shows following are closis	the 200 la	test inte or Octo	rnational bond is ber 21.	sues for which an ad	equate secondary market exi	sts. The	Revenue	24m - 1.11	23.3m 1.09
U.S. DOLLAR STRAIGHTS	issued is		Change on day , week Yield	OTHER STRAIGHTS	Change of leaved Bld Office day w		Revenue	1.15bn 77.4m 3.58	1.12bn 74.5m 3.50
Amex Credit 10% 99 Amex Credit 12% 88 Atlant Richild 18% 00	150 10 250 94	176 1029a 669 1071a 36 8476	8 + 63 ₈ 19.23	Aust Gas & Light 13 92 GMAC 12% 88 AS	SA 50 961 ₈ 991 ₈ - 01 ₈ - 35 965 ₉ 974 ₈ - 61 ₄ -	01 ₂ 13.30 02 ₆ 14.12	Net per share	. 3,55	
Australia Com 11° 00 Australia Com 11°5 BP Capital 11° 92	100 10 200 10	514 16334 634 16314 25 ₈ 1631 ₈	8 + 63 ₆ 10.75 + 62 ₉ + 1 10.47	Kellogg Co. 12% 88 AS Midland Int'l 13% 98AS Amer 10% 90 CS	30 96 1 ₈ 97 1 ₈ - 81 ₄ 8 50 98 108 0 8 50 160 1 ₄ 108 1 ₈ + 83 ₈ +	14.21 13.43 13.18	Clothing Third quarter	1985	1984
Caneda 1112 80 Canedian Pac 104 93	500 10 100 10	5°8 16578 2°8 10278	+ 818 + 812 9.83 + 058 + 854 10.22	CESC 104 90 CS Genster Fin 117- 95 CS Harril - Want to 104 95	75	014 11.86	Revenue	\$- 277.4m - 10.6m	\$ 271.8m 10.8m
Canadian Pac 121, 99 Chevron U.S.A. 121, 89 Calcorp 10 88	600 10 200 10	0% 1925 ₈ 45 ₈ 195% 6% 101	- 01a + 012 11.28 + 014 + 012 10.57 0 + 614 9.55	Mortreal 11% 95 CS Sears Azz. Co 10% 920 Wintupeg City 10% 900	75 1023 ₈ 1027 ₈ 5 75 1 152 186 + 84 +	11.92 11.54	Net per stare	1.23	1.23
Culcorp 11:, 95 Coce Cole 11:, 91 Denmark Kingdon 11:4 89	100 10 100 10	112 182 65 1071 ₈ 31 ₈ 1035	- 6% + 6% 11.17 + 6% + 6% 10.16 + 6% + 6% 10.03	Chrysler Fin Corp 17 90 K.O.P. 161, 91 MS Privatbankan 181, 88 10	NS -65 † 91 12 921-2 — 91. — 50 † 88 90 8 —	19.46 14 19.62	Net profits	721,3m 13ar 1,43	700.7m 22.1m 2.48
Denmark Kingdom 111, 90 Denmark Kingdom 11, 92 E.D.F. 10 95	100 10	375 1043 ₈ 375 1035 ₈ 25 957 ₈	+ 81s + 612 10.26 + 614 + 624 10.72 + 616 + 612 18.73	B.N.P. 878 95 ECU 18M Wid Trade 874 90E Sec Pac Aug 874 90 EC	75 9812 99 - 626 - 3J 150 9878 9926 - 012 -	74 9.06 74 8.47	COMMONWEALTH EDIT	SON	
EEC 9% 90 EEC 114 90 ELB 1295	350 98 100 18		8 + 81 ₂ 19.08 + 51 ₄ + 65 ₅ 10.05 + 81 ₈ + 81 ₂ 10.74	Honda Motor VW 37s 90 Honda Motor XW 37s 90	FL 100 16212 103 + 814 + (FL 100 8818 8838 - 018 - () 7.02	Third quarter	1985 S	1984
Export Dev Corp 10 90 Export Dev Corp 12 89 Fed Dep Stores 10 e 95	100 19 100 10		+ 674 + 67- 5.98	Thysaen 71, 90 PL Wereldbaye 71, 90 PL Wessacon, 84, 90 PL	75 1914 1014 — 018 — (50 9818 9858 8 — (ზი 7.15	Revenue	1,49bn 366,3m 1,76	1.46bn 315.9m 1.66
Ford Motor Gred 17s 90 Ford Motor Gred 17s 95	100 18 108 19	294 10314 296 10318	+ 812 + 858 11.98	S.N.C.F. 71 2000 FF Australia Comen 11 SC C SP Capital XPx 92 C	50 1991 ₈ 1005 ₈ + 01 ₈ + i	10 10.00 1's 10.66	Not per stare	3.61bn	3.76bn
Ford Motor Cred 174, 92 · Ford Motor Cred 12 95 Gen Elec Credit 104, 80	100 19 200 18	314 18334 65 18518 834 18114	+ 0 ¹ 2 + 0 ² 0 11.11 0 + 0 ¹ 4 10.10	E1,8. 11's 93 £ GMAC UK For 10's 90 £ Imp Chem Inda 11's 95	50 10834 10114 + 818 + 6 30 99 9912 - 818 + 1 5 75 10118 10158 + 018 + 6	10.68	Net per share	752,3m 3.56	674.7m 3,45
GMAC 101, 89 IBM Credit 101, 2000 Kellogg Company 101, 90	300 10 100 18	27a 1033a	- 01 ₈ + 01 ₈	imp Chem toda 10% 92° Medoraida 10% 90°C Mitaubistu Fin HK 11°90	2 75 585 591 + 01 ₉ + (40 1611 12 1015 1 D		CONTINUENTAL YELECO Telecomesunications	#	
Kellogg Company 111, 92 . L.T.C.B. 121, 91 Macy Cred Corp 113, 95	. 100 10 100 18	338 10378 978 11838		Privalbankon 17, 92 £ Rank Xerox 17 92 £ Royal Ind 104 92 £	20 1011 ₂ 182 0 0 . 40 1001 ₈ 1005 ₈ 8 + (11.44 10.88	Third quarter	1965	1984
Merrill Lynch 121, 89 Manesola 111, 67 Masui Trust 115, 90	100 18 100 10	55a 1867a 37a 1847a		Ster Drug Cap 187e 90 S Tricentrol XW 11 92 S	35 965a97¹a∂ −(14 10.65 16 11.67	Net profits	578.4m 74.8m 1,01	679,941 46.1m 9,82
Morgan Guaranty 12% 89 Pru Realty sees 12% 95	150 ·10 546 10	67a 1873a 63a 1867a	0 + 05 ₆ 19.18 0 + 91 ₄ 19.93	Teshouse Forte 11/2 900 World Bank 11/4 95 C E.C.S.C. 10/2 84LF	100 1013 1821 6 6 100 1047 1057 + 01 + 6	11,05 10,90 1 ₂ 9,55	Revenue	2.36ba 175.5m	2.2bn 138m
Cantas Arways 10% 95 Cuelyec Hydro 11½ 92 Cueensland Govt 10% 95	100 10 100 96	34 9914 514 19534 34 9714	+ 01g + 05g 18.75	Net Lox Alum 10-, 92 U FLOATING RATE		9.57	Not per shere	2.35	1,85
Reiston Punica 11% 95. Reiston Punica 12% 89 - Sasketchewen 10% 92	100 10	43, 1854 712 188 17 ₈ 1823 ₈	+ 0% + 6% 10.86 + 0% + 0% 10.28 + 0% + 6% 18.25	NOTES Banco di Roma 54, 92 BankAmerica O/S 54, 9	Spread Bid Offer Calle Ca 0	PE C.yid 8.11 8.11	DOMINION RESCURCE Untilly holding compa		
Sestatcheusen 11% 89 Statol 10 90 ' S Wales Trey 11% 90	100 10 170 98	558 10618 14 99 34	8 + 012 10.03 - 618 + 618 10.12 - 818 + 638 16.24	Bankers Trust 5 2000 ELF.C.E. 54, 99	0 9978 19818 11/12 8.44 018 10014 19812 13/12 834	2.44 8.72	Third querter	1985	1984 \$
Swed Exp Cred 10 82 Swed Exp Cred 12% 89XW	100 97 100 18	53 98 19 714 10734	+ 814 + 85 ₈ 10.44 0 + 85 ₈ 10.29	B.N.P. 54 95 B.N.P. 54 96 (July) B.N.P. 54 99	014 100 10014 22/1 814 019 10018 10018 516 514	5.19 8.26 5.26	Reversie ,,	720.1m 102.9m 1.15	679,5m 84,6m 1,00
Sweden Kingdom 10°s 90 Sweden Kingdom 11°s 89 Sweden Kingdom 11°s 94	260 10	236 18278 634 18614 512 186		Britanna 5 93 C.C.F. 5v, 97 Chase Man in 5v, 2009	0°s 97°s 97°12 81°1 5 0 99°34 100 28′170 8.19 0°s 99°75 130°s 5112 8.44		Revenue	2.05bn 238.7m	1.97ba 215.9m
Tenneco Corp 104, 95 Texaco Capdal 10 95 Texaco Capdal 114, 95	300 · 93	7 ₈ 949 ₈	+ 93 ₈ + 65 ₈ 18.64 - 63 ₈ + 63 ₄ 10.99 + 63 ₄ + 63 ₄ 10.91	Credit Lyonnais 5% 86 Credit Lyonnais 500 E.E.C. 590	0 1005 1007 11/10 9.69 0 1007 1003 1971 5 0 995 997 8/1 5.66	9.62 4.99 5.08	Net per share	2,70	2,57
Tokai Asia 11½ 95 United Tech Fin 10% 95	100 - 10 100 - 10	314 18374 1 ₈ 996 ₈	+ 914 + 612 1657 - 818 + 654 1672	ENEL 500 Iceland 54 00	0's 100's 100's 100's 1/3 5 0's 95's 92's 11/1 5'a	4.99 5.26	ENHART Industrial equt, adhesi	700	
Victorian Rep 11% 92 World Bank 10% 95 World Bank 12% 94		5 961g 134 11214	+ 618 + 612 18.47 8 + 658 19.78	ireland 54, 97 Ireland 54, 99 Lloyds Bank Perp	0 186 19014 25119 9,59 0 10014 11912 1813 8,94 014 108 110014 8/12 8	9.66 8.90 7.99	Third quarter	1985	· 1984
Average price of DEUTSCHE MARK	siwage On day	+ 61 ₈ on w	reek + 01 ₂ Change on	Midiand Bank Perp 5 Nat West Perp A 54 S Nat West Perp B 54 S	Dr. 987a 1863a 1912 B1a Or. 987a 1001a 9/1 81. Or. 997a 1801a 18/2 B.91	&11 &25 &91	Revenue	421,2m 17m 0.61	420.6m 21.4m 0.78
STRAIGHTS Asian Dev Bank 8 94 Austra Reoutlic 74s 94		i Oller 57 ₈ 1053 ₈ 134 10414	day week Yield - 014 - 018 7.05 - 014 - 1 6.97	New Zestland 5 97 £ Roy Bk Canada 5 2005 Roy Bk Scot 54: 2005 £	0 9894 100 14/11 11.51 0% 9978 10018 7/10 814 0 9818 9938 1/11 11.6	11.58 8.25	Nime months Revenue	1.29bл 56.4m	1.35bn 64.8m
Baxter Travenol 714 94 Copenhagen 71s 95	200 16 150 10	214 10234 = ₆ 1021 ₈	014 024 6,84 018 028 7,08	Unded Kingdom 5 92	0 997 ₈ 100 1 ₈ 777 5 go price change On day 9 on week 9	5.00	Net per share	2.03	2.35
Credia Nanonal 84; 94 E 1.8. 74, 94 Escom 8 92	300 10	11 ₂ 167 3 ₄ 1023 5 ₈ 961 ₈		CONVERTIBLE BONDS	Carr. Carr. Ch date price Bid Offer de	g. Pram	FRUEHAUF Truck trailers		
Ex-Int Bix Korea 7's 90 Ferrovia Dallo Sjato 8 91 Ferrand Republic 7 82			+ 614 0 7.48 - 614 - 634 7.07 - 614 - 624 6.74	Ajinemoto 3 99 Comcast 7 2000	484 1053 54 131 1 ₂ 132 1 ₂ 8 1275 23 875 † 105 1 ₄ 106 1 ₄ - (9.85 1 ₄ 27.00	Third quarter	1985	1984
Gould Int Fin 7th 91 Ireland 8th 92	100 100 150 100	14 18334 134 18514	- 01 ₈ - 01 ₄ 6,33 - 02 ₈ 0 7,13	Pamuc 34, 98 Puji Hwy Inds 3 2000 Pujasu 3 99	1/84 70323 1915 1931 - 1 8/85 578 991 1001 - 1 5/84 13209 931 - 941 - 1	13 ₀ 2,26 13 ₀ 15.53	Net profits	596.3m 10.1m 0.48	704.5m 21.4m 1.08
Japan Fin Corp 7% 91 Mitsubishi Hiry 3% 89WW Mitsubishi Hiry 3% 89XW	300 180 300 91) 1 1 1 1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1	- 016 - 01a 6.46 + 12a - 41a - 13.29 + 01a + 014 8.23	Kumagai Gurai 3½ 2000 Marul 3½ 99 Masublahi Elec 2% 00		7.79 1 ₈ 1.50 2 ₈ -0.78	Nine months	1.93ba	2.11bn
Musubishi Met 3½ 89/W Mitsubishi Met 3½ 89/W Quebec Hydro 7½ 85	100 167 100 885 200 :101	90 la	- 01s + 03s 1,20 - 014 - 01s 5.94 8 - 034 6.86	Murata 3½ 2000 ; Nappon Elec 2½ 2000 Nappon OH Co 3 2000	7/84 : 2356 7" T183 - 1945 - 1 1/85 1235 967, 981, + 1	21.44: 5 ₈ 41.37 3 ₅ -2.20	Not per share	2.51	62.7m 3.17
Rente 7º4 95 Soc Cent Nuclear 7º4 95	100 100 150 100	10242	- 0 % - 8 12 7.25 + 6% + 6 % 8.22	Oto Elec and 31: 99 Orient Lessing 51: 96	10/84 805 831 ₈ 942 ₅ + 0 6/83 2686 † 1931 ₂ 1051 ₂ + 1	7g 23,10 5g = 1,57	PORT HOWARD PAPER Paper products	<u>:</u>	
Sociese Cent Nuclear 8 91 Sth Aincan Tran 7% 92 World Bank 7 95	800 191	19112	+918 - 914 656 +918 + 914 656 + 918 9 682	Sekisiu House 3 99 Sumitomo Bank 24-2000 Sumitomo Corp 2/s 99	8/85 2732 98'8 100'6 + 6 5/84 593 13856 120'8 + 6	3, 3.52 1 ₂ 8.30 3, −8.54	Third quarter	\$	1984
	100 165 a change Oa d			Taryo Yudan 34, 2000 Takada Rikan 36, 2000 Tokyo Sanyo Elec 37, 99	3/85 10/78 † 92 · 94 · +1 10/84 7683 † 95 · 97 · -1	-3.46 1 ₂ 8.28 2 ₈ 2.34	Net profits	362.9m 44.2m .0.70	351.6m (37.5m 0.59
SWISS FRANC STRAIGHTS Avon Cap Corp 5% 94	lasted Bid 130 100	14 19012	Chasge on day week Yield 0 - 014 5.32	Toshiba Caramica 3 2000 Nappon Oli Go 21s 92 SF	4/85 17342 86% 87% 8 3/84 1052 101 1014 + 8	3.34 7 ₆ 30.90	Nine months Reverue	1.04bs 121.1m	1.025a 102.1m
Brit land Comp 61- 99 Council of Europe 6 92	75 † 104 120 † 166 100 † 106	1 ₂ 105 1021 ₂	-1 -63 ₂ 5,98	Nippon Shinpan Co 2 92 9 Asics 592 DM Renown 3 2 90 DM	1263 520 1663 1673 - 0 265 675 1682 1694 - 6	1 ₂ 18.43 3 ₆ 15.98 4 ₆ - 2.69	Net per share	1.91	1.62
Creditanistalt 5½ 94 Deutsche Bk Fin 5½ 95 E.J.B. 5½ 94	190 † 101 120 † 102	14 188 1921 ₂	- 6 ³ 8 - 6 ¹ 4 4.95 0 - 6 ¹ 8 5.55	Sum Readity 614 92 DM	2/83 336 † 3637-4 \$647-4 + 2	2 3.45	QAF Chemicals, baliding ma	sterials	
Gen Occidentale 4½ 94 Glendale Fed S&L 5½ 85 Ind Fund Fin 5½ 94		9914 12 102	- 61s + 63s 4.11 + 1 + 1 5.52 - 612 - 63s 5.55		netien evolleble-previous day's price. se werket maker supplied a price.		Third quarter	1985	1984
Int - Ant Dev Bit 6's 94 N Zealand steel 5's 96 Oberos Kitwit 5's 95	120 + 100 70 + 991 100 + 991	10314 4 991 ₂	- 11g - 01g 5.67 - 97g - 02g 5.62 - 93g - 01g 5.42	e miliens of currency	to redemption of the mid-price; the associates units mappi for Yen bends where it is b ge over price a weak earlier.	issued is billiens.	Revenue	193,8m 22,9m 1,28	203.8m 13.6m 0.89
Oberos Kriek 34 35 Okvesy Ind 5½ 95 Papsico 5¼ 95		12 H112	5.36	A-100 to 100 - 100	An Rus (1100 110 110 110 110 110 110 110 110		Mine months Revenue	557.7m	

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SOCIETE GÉNERALE ALSACIENNE DE BANQUE SUS 40.000.000 Notice of Early Redemption FLOATING RATE N.S. FINANCE **NOTES DUE 1995** The Fuji Bank, Limited **CORPORATION N.V** U.S. \$15,800,000 Guarantee Floating Rate Notes Duc For the six menths, October 15, 1985 to April 14, 1986, the rate of interest has been US \$40,000,000 Callable Floating Rate Certificates of Deposit issued 30th November 1981 Maturity 28th November 1986 Callable November, 1985 fixed at 8 7/16 % P.A. Callable November, 1985
Notice is hereby given in accordance with Clause 5 of the Certificate of Deposit (the "Certificates") that pursuant to Clause 3 of the Certificates, The Fuji Bank, Limited will repay all of the outstanding Certificates on 29th November, 1985 at their principal amount.

Payment of the principal amount together with accrued interest will be made on the repayment date against presentation and surrender of the Certificates at the London Office of the Fuji Bank London, 25/31 Moorgate, London, EC2R 6HQ. Interest will cease to accrue on the Certificates on the repayment date.

Agent Bank The interest due on April 15, 1986 against coupon nr 2 will be \$US 426,56 and has been computed on the actual number of days elapsed (182) divided

Agent Bank
MERRILL LYNCH INTERNATIONAL BANK LIMITED

For the three months 18th October, 1985 to 21st January, 1986, the Notes will carry an interest rate of 81/49 per annum with a Coupon Amount of U.S.\$112.15 payable on 21st January, 1986. Principal Paying Agent

Continued on Page 49

U.S. \$60,000,000

by 360.

THE PRINCIPAL

PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE 15. Avenue Emile Reuter LUXEMBOURG

Industrias Peñoles, S.A. de C.V.

(Incorporated in the United Mexican States) Floating Rate Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 22nd October, 1985 to 22nd January, 1986 the Notes will-carry an Interest Rate of 10% per annum and the Coupon Amount per U.S. \$10,000 will be U.S. \$255.56.

Credit Suisse First Boston Limited Agent Bank

NOTICE OF PREPAYMENT The Bank of Tokyo, Ltd. U.S. \$20,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit due 18th December, 1986 (Series BA)

in accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next interest Payment Date, 18th December, 1985, together with the interest accrued to that date.

Payment will be made against presentation and surrender of the Ceruficates at the Bank's London Office at 20/24 Moorgate, London EC2R 6DH. 2002006-1985

The Door Group Markets a com-THE MOOF GROUP MARKETS & CONT plete range of doors including plete range and exterior doors as internal and exterior doors as piere range of goors, including piere range of goors, including internal and exterior doors as internal and exterior doors as well as doors for public buildings. well as doors for public dulldings
well as doors for public dulldings
The Group is the market leader
The drawling on white rurchens
The Kitchen Group is one of ine Kilcheri Group is one oi Europe's leading producers of Europe's leading or other in the Nordic countries. Kitchen cupboerds of her was are man Products include storage AIDY Produces sodium chlorate for AIDY produces sodium chlorate in mand contaction in the produces the produces and contaction in the produces are the produces and contaction in the produces are the produces and produces are the produces are th products include storage cupboards, wardrobes and cupboards, cabinets. bathroom cabinets. AIDY Produces Scolum of North With the pulp industry match industry the pulp industry match industry chicrote for the match industry Tarkett is the second largest the pulp industry and polassium chlorate for the match industry. manufacturer of flooring Chlorate for the match industry
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AKENUNG & RAUSING is one of the AKENUNG & RAUSING romanies in AKENUNG romanies in AKENU GIOUR'S Product range includes resilient, wooden and and South America. Avenund & riausing is unit of the largest packaging companies in largest The Carolin is also a EUROPE THE GROUP IS also a turope ine group is also a market leader in fields such as market leader in announce announce disconnections textile flooring. Market leader in fields such as decording to the table products, decording to the disposable have and common have a uisposable lable products, decor ative paper bags and carrier bags. Water Group is the world's The head office is situated in Stockholm. Swedish Match's nordurds have strong ma Swedish Match's nordurds The nead office is situated in Stockholm.

Swedish Match's products have strong market positions. positions Business activities are concentrated on home improve-Business activities are concentrated on home improve-sale and consumer products as well as packaging. Hargest producer of "lights".

Hargest producer of mights. Business activities are concentrated on home improvements as well as packaging.

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European Banking Company Limited

announces that

Amsterdam-Rotterdam Bank N.V.

has become its sole shareholder. The bank will now be known as

EBC Amro Bank Limited



10 Devonshire Square, London EC2M 4HS Telephone: 01-621 0101 Telex: 8811001

IBL growth

with profits

IBL, the specialist computer

leasing group which came to the stock market in May, has increased pre-tax profits from £0.4m to £1.08m in the six

Mr Philip Coussens, chair-man, says the results repre-

sent a substantial growth in business activity. IBL, most of the equipment for which

is made by IBM. U.S. com-puter maker, has a much higher level of activity in the

second half because of the greater demand for its ser-

vices in the last quarter,

particularly in December.
Mr Coussens says the group's infrastructure is designed to meet this demand.

has cost £1.1m, an increase of £847,000 on total overheads in the U.S. in the second half of

The expenditure is already

producing benefits and the group expects turnover from this source to be several times greater than the \$12.5m achieved in 1984.

The launch of the top-of-

the range Sierra (the IBM 3090), deliveries of which be-

gan in the second helf, is expected to lead to a sub-stantial increase in the volume of business to the end

of the year.
Mr Coussens says the group

looks forward with confidence to good results for the

Turnover rose to £90.7m

(£55.7m) with other operating costs of £7.16m (£3.5m) and

other interest payable of £643,000 (£596,000).

IBM's acceleration of the

continues

at £1.08m

months to June 30.

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Battle lines set in Allied-Lyons bid

The phoney war is over. The The phoney war is over. The launching yesterday by Elders IXL of its takeover bid for Allied-Lyons marked the end of weeks of informal sparring while it remained uncertain whether an offer would emerge. Those weeks have given Allied a valuable breathing space in which to start erecting barriers, and the broad outlines of its defence are already clear. of its defence are already clear. Yesterday's scathing attack by Eiders on Allied's record similarly gives a good indication of the strategy it intends to adopt. So what are likely to be the main instance. Principle bigger main issues in Britain's biggest

akeover battle? On one side of the battlefield stands one of the UK's leading companies, employing more than 70,000 people, full and part-time, with a turnover in the year to March of £3.2bn and net profits

Allied-Lyons was formed in Allied-Lyons was formed in 1978 from a merger between allied Brewerles and the J. Lyons food business. Its products include some of Britain's best-known household names: Double Diamond, Ind Coope, 'Skol and Tetley's beers; Teacher's whisky; Harveys sherries; Lyons coffee, tea, cakes and ice-cream. On the other side is a company which has become one of the fastest growing in Australia since the arrival in 1981 of managing director, Mr John Elliott. Traditionally an agricultural trading and services comtural trading and services com-pany, it expanded into finance, more general international trade and brewing, through a daring

Enlarged

£121,000

Bestwood at

THE MAGNITUDE of the changes that have taken place at

The results of this investment

holding company include its sub-sidiary John Brown (Printer),

and also this time the newly-acquired Atlanta Financial Ser-

As usual there is no interim

takeover in late 1983 of Carlton of the disparity in size between United Breweries, the best-known product of which is Foster's lager.

Elders has 17,000 employees and its net profits in the year to finances and its net profits in the year to finances June totalled AS102m (£50m), It beg

on sales of A\$7on. Elders is offering 255p in cash for each Allied-Lyons ordinary share and 120p in cash for each Allied 5.25 per

cent or 3.85 per cent preference share. There is no paper alternative, though Elders "reserves the right to offer loan notes in exchange for Allied-Lyons

shares, with a separate cash alternative provided by a third party for the full value of the relevant offer." The offer is being made by Hill Samuel on behalf of IXL, an English company being incorporated for the purpose

If the offer is successful, Elders intends to implement

day as Indicrous by Allied City analysts agree that Elders is offering nowhere near enough to The first major issue is the size of the 255p a share Elders' offer, which was rejected yester-capture the British company and that to stand any chance of success a bid would have to be pitched about 320p.350p. Allied is likely to make much

The Inland Revenue giving clearances satisfactory to IXL that the proposed reconstruction will not result in any charge to corporation tax on any member of the Allied group or IXL under various sections of income and capital color tax acts. gains tax acts. IXI., set up by Elders to launch the bid, saying Elders should make clear IXI's precise owner-

It began last night by querying the special UK company, called

a corporate reconstruction of IXL and Allied-Lyons, in-

volving their liquidation, the

partition of Allied-Lyons' undertaking and its transfer

to five new holding com-

The offer is subject to a list

of 10 condtions, most of which Elders reserves the right to

• The Inland Revenue giving

waive. These include:

ship. The Australian camp replied that there was nothing sinister about IKL, which had been formed partly for tax reasons and partly to keep the debt involved in the deal off Elders' balance sheet. IXL was owned

parts of the group, notably its food manufacturing interests, and will seek to display this as asset stripping and a threat to

"They have totally failed to take into account our work force," Sir Derrick Holden Brown, the chairman, said last night.

The main thrust of Elders' attack will be to criticise Allied's trading record and the strength of its management.

Mr Elliott yesterday claimed mr killott yesterday claimed that "all three of Allied's major businesses, brewing, wines and spirits and food, fatled to perform as well as the competition, almost all their major products are number two brands and losing market share."

He argued that the manage ment structure was antiquated and stifled initiative, although the group had good people in middle management.

But Sir Derrick Holden-Brown replied last night that "this argument is a nonsense and he knows it. We have a very strong management structure, an enviable protfolio of very strong brands in each division and we are first in many fields. These are just tactics designed to talk down the price of our shares."

Metsec joining USM with £8.4m valuation

Metsec, a designer and manufacturer of structural components
and systems, is joining the USM
with a market value of £8.4m.
Albert E. Sharp is placing
3.8m shares, representing 30 per
cent of the company, at 67p each
to raise a total of £2.5m. About
two thirds of the shares in the
less than \$1.8m changes that have taken place at Bestwood are not fully reflected in the interim figures. Mr A. A. F. Cole, the chairman, states in reporting a turnround from losses of £2.28 to pre-tax profits of £120,944, for the first half of 1985. For all of 1984 profits of £273,713 were achieved. to raise a total of 12.5m. about two thirds of the shares in the plocing are being sold by exist-ing shareholders, while the remainder will raise about £700,000 after expanses for the

company.

The company was formed in 1981 as a result of a management buy-out of a subsidiary of Tube Investments, TI Metsec. The buy-out was 40 per cent funded by 3i and ECI at a cost of £150,000. Following the flotation they will retain about 25 per cent of the shares, having raised around £300,000 in the issue.

The original business of vices, Atlanta Trust (formerly Kingsnorth Trust), and Reddividend, but the directors hope to maintain the single final at For the half year turnover improved by 39 per cent from £899,654 to £1.25m, original business Metsec began in 1931 when the company introduced cold roll forming to the UK, and for almost 50 years it was owned by E899.654 to £1.25m,
Tax took £49.889 (£31,307),
leaving net profits of £71,055 (losses £41.133) for stated earnings of 3.09p (losses 1.79p) per ings of 3.09p (losses

forecasting pre-tax profits of not less than £1.3m.

Metsec has four basic product areas: custom roll formed components: purlins and side rails, lattice beams and Metframe, a new tailor-made lightweight roof structure and support system. These products are sold to over 700 customers worldwide, mainly in the construction industry.

Based in West Midlands, Metsec employs 204 people. It has recently bought its premises from TI for £750,000, and part of the issue proceeds will be used to fund that purchase.

Dealings begin on October 28. per cent.

a heavy investment of manage ment and financial resources in the start of the group's U.S.

5717,402 to 5908,705 for the USM-quoted group, which pro-vides professional advisory ser-vices for international engineer-

vices for international engineering and construction projects.

Turnover of the group and its associates was £6.54m against £4.25m. A final dividend of 2.5p per share is proposed, making 4p for the full year (1.5p).

Earnings per share were stated at 16.76p (17.29p).

It was also announced yesterday that Mr Roy Barber, finance director of Amec for the past 11

At the placing price, the shares are on a prospective p/e ratio of 11 after a 43 per cent tax charge. Based on a dividend of 2.46p, the yield is 5.25 per point will own 51 per cent of the company and Mr Barber 49 director of Amec for the past 11 years, will become the first man-

High-Point at £0.9m despite U.S. expansion

High Point Services Group again reports record results for the year to May 31, 1985, despite

Pre-tax profits increased from

The group's slare of profits of associated companies contributed £33,000 against loss of £22,000. Tax was £269,000 (£36,000) with minorities of £13,000 (£8,000). Earnings per share were stated at 1.3p (0.63p after adjusting for bonus issue and sudivision).

comment

Sierra sales programme is benefiting IBL. It seems that Big Blue doesn't care how but only how many of its top of the range main frames are moved out of the warehouses centres. The sharp seasonality that usually effects IBL, in which first half profits may only be a tenth of the year's total, is being amplified by the IBM drive. Next year's delivery figure for the 3090 machine is expected to double that of 1985—up to a total of 1700, IBL is also able to play the cross-border arbitrageur with IBM price lists to good effect. Belgium is cheaper, so buy there and lease in Holland and so on And while the debate on residuals still rages, IBL's position is a fairly conservative onekeeping its rating closer to the adjusted mean of the mini-sector of computer lessors. For the year profits of film are forecast, which has the shares fairly fully rated on a prospective p/e of 91 at 138p with a 25 per cent

Snowdon & Bridge places 25%

A quarter of the equity in Snowdon & Bridge will be placed in the City later next month prior to its joining the Unlisted Securities Market.

The company is a family controlled "second generation" wholesaling operation which has increasingly company con-

which has increasingly con-centrated on the catering centrated on the catering sector in response to the overwheming direct buying power of the retail trade.

Most of the shares in the placing, which will raise film to £2m will come from existing family holdings that the company's inception 50 years ago. There will be some new money for the company to cover issue costs and pro-vide some extra finance for working capital.

The company now distri-butes a wide range of food and non-food products to north of England customers in the extering trade from three warehouses in Salford, Rossendale and Bradford. The recent profits record shows the company to be progressing with profits for the 53 weeks to January 1985 of

£704,000 on sales of £20.6m. A forecast of higher profits will be contained in the published prospectus. There is little by the way of direct comparison to S & B in the market but brokers Henry Cooke, Lumsden will probably pitch the placing price on a p/e in the low

LADBROKE INDEX 1,047-1,051 (-2) Based on FT Index Tel: 01-427 4411

All-round growth boosts Famous Grouse by 15%

ANOTHER YEAR of all-round growth saw Highland Distilleries increase pre-tax profits by 15 per cent, on turnover up by 10 per cent. Directors report sales of Famous Grouse ahead both in the UK and abroad, and higher demand for new and mature whisky for blending.

For the 12 months to the end of August maters which was a series of the conditions. of August, pre-tax profits were up from £8.27m to £9.51m, on turnover up at £101.27m, against

Pinancial Times Saturday Genuel 1500

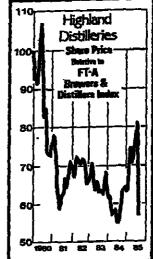
£92.21m. There was, however, a greatly increased tax charge, up from \$1.89m to \$3.13m, with \$800,600 of the increase being related to the loss of stock relief. That left the earnings per 20p share unchanged at 5.2p, however, with a higher recommended final payment of 1.42p, compared with 1930c adjusted for left warrs. 1.2385p adjusted for last year's one-for-one scrip issue, the total dividend is being raised to 1.98p

with the result that the bulk of pre-tax profits are achieved in the second half.

A dividend of 0.4p is being Directors say that sales of Famous Grouse increased in the UK, despite difficult trading conditions. For the first nine months of 1985, sales rose by 7 per cent in total, with increases both porth and south of the ecommended, as forecast. The continued expansion of the group's main business activities in the first balf is reflected in increased over-beads. Expansion in the U.S. both north and south of the

border.

Overseas sales were once again well ahead of the year before. The company is continuing to invest heavily to boost further sales of Famous Grouse



Demand for new fillings was appreciably higher than last year, which, together with appreciably higher than last year, which, together with increased production for the company's own use, gave better capacity utilisation at the distilleries. Profits from sale of mature whisky also showed an increase on 1983-84.

Operating profit came out at \$7.87m against \$7.08m after charging distribution and administration costs of \$1.43m

comment Encouraging profits surprised the market no more than the unchanged earnings figure. The City was well prepared for a much higher tax rate due mainly to the abolition of stock relief, and it was also counting on Famous Grouse securing a larger market share in the UK. However, an unexpected bonus

However, an unexpected bonus was the increase in market-penetration in Scotland for a penetration in Scottain 201
demanding starting point of
around 25 per cent, which
occured in the midst of aggressive competition from cheap
brands. The growth in expostsof ground 23 per cent in value
of ground exportance are accuraging sign. 25 of around 23 per cent in water was also an encouraging sign, as was the increasing profitability of new fillings. The current fear promises more of the same, although after higher marketing

although after higher marketing expenditure, especially in the U.S. where Highland is trying to establish a foothold, profits may be about £10.5m. Assuming another rise in the tax rate to about 38 per cent. the p/e at £1p is 15. That comes down about three noches if Highland's stake in Robertson and Baxter is consolidated, which still leaves the shares at a premium to the sector and seems deserved only if the forray into the U.S. proves a success.

Winter hits Wettern and trading profits tumble

winter conditions in the first quarter of 1985 adversely affected Wettern Brothers' business, and trading profits for the six months to June 30 fell from £52,200 to £28,400 after interest charges down from £9,700 to £5,400.

The trading profit figures

Although the accumulated to 1.7p. loss in the profit and loss account In last has been completely eliminated, the board considers it prudent

tion of construction materials says the current level of market activity in the sand and gravel operations continues to fluctuate but remains encouraging.

Turnover fell slightly in the opening half from £1.2m to £1.1m. There was an extra-The trading profit figures thenefited however, from a £17,500 exceptional item, representing settlement of an outstanding legal claim. No tax was again payable.

Although There was an extradridinary credit of £28,800 against a £17,500 exceptional item, representing settlement of an outstanding legal claim. No tax was again payable.

In last year's final report it was stated that an action was taken against a statutory body the board considers it protest to wait the outcome of the full for damages and loss arising year's results before considering declaring a dividend. Last year a payment of Ip net was pany. The decision awarded in made from pre-tax profits of favour of the company is the subject of an appeal by the statutory body.

Tranwood lower but expects improvement

After reporting a slight fall from £54,000 to £49,000 in pre-tax profits, the directors, of Tranwood Group expect 2 vers substantial increase in profit during the second half. This should result, they say, from an increased level of sales and the elimination of any loan stock

Turnover of this manufac-turer and distributor of hosiery and associated products im-proved from £2.5m to £2.74m in the six months to July 31, 1965. Operating profits were £11,000 tower at £100,000 after costs and overheads, less other income-totalling £2.64m (£2.39m),

Stated earnings per 5p share were 0.15p basic (0.24p). No interim dividend is again payable—no dividend has been paid-since 1978.

\$40,000,000

Charter Oil (Overseas) Ltd., Inc.

a subsidiary of

The Charter Company

and an affiliate of

Charter Oil (U.K.) Ltd.

Letter of Credit Facility

The undersigned acted as financial advisor to The Charter Company

Shearson Lehman Brothers Inc.

September 1985

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UK COMPANY NEWS

Electron pays £2m for Kelvin

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Electron House, the electronic component distribution group which joined the USM in April, is to pay up to £2m for the private company Kelvin Imper. The initial consideration of film is to be satisfied by the issue of 930,349 new ordinary shares at 10p each — all of these have already been conditionally placed with clients of broker Laurie, Milbank, acting for Electron.

Electron.
The deferred element of the purchase price will be paid over the next four years, in either shares or cash, in a profit-related arrangement up to fim.

Charter Cons.

Charter Consolidated, the mining and industrial group, yesterday disclosed that funds connected with M & G Investment Management have raised their stake in the company to 11.6 per cent. 11.6 per cent.

M & G said that its funds had recently bought some 7an shares, taking its total from 5m to 12.28m. Mr David Turner, M & G director, said he believed the shares, acquired in two large blocks, had been sold by the Kuwait Investment Office and by Hansen Trust

and by Hanson Trust.

Mr Turner denied that M & G
had any plans to engineer a
takeover of Charter or to ask
for representation on the
Charter board. However, M & G did like to keep close to com-panies where it held important stakes. "We do try to influence them," he said.

Herman Smith

Herman Smith, the West Mid-Herman Smith, the West Midlands based engineer which plunged into losses last year, has decided to appoint a receiver. The move follows unsuccessful attempts to sell off the company and a series of disposals which left it with just the Eurocraft metal work subsidiary.

Herman Smith's shares were suspended last February pending reorganisation, and in May it was announced that the group's bankers had indicated their continuing support.

Crest Nicholson in £25m agreed bid for Pearce

IN A £25m move, aimed at strengthening its important property development business, Crest Nicholson has reached agreement for the purchase of the Bristol-based C. K. Pearce & Sous, a house-builder and property concern.

The Pearce family, which controls the company and has four out of the five board seats, has pledged its own holding of 2.19m shares, 58 per cent of the equity, and is recommending other shareholders to accept the terms. Crest is offering 161 new ordinary 10p shares and £20.88 in cash for every 32 Pearce shares. Based on a price of 120p for each Crest share this values Pearce at £25.25m, or 669p per shares at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share this values Pearce at £25.25m, or 669p per share the property development accounted for nearly 60 per cent to £85.2m.

The pearce family, which control to per cent

Enterprise £3m bid for Lennox

BY DAYID GOODHART

company by Enterprise—valuing Lennox at £2.86m. Enterprise is primarily interested in Lennox's onshore

exploration licences in and around the Solway Firth and in the Vale of York. Lennox will also bequeath offshore licences in the English Channel and the North Sea.

Enterprise Oil, the former oil production arm of the British Gas Corporation, has followed up its successful £122m bid for Saxon Oil with an agreed deal at the opposite end of the UK oil exploration market.

It announced yesterday that the directors of Lennox, an unquoted Edinburgh-based oil and gas exploration company, are recommending acceptance of a 49.5p per share cash offer for the company by Enterprise—valuing Lennox at £2.86m,

Enterprise Oil, the former oil and afer acquiring its English Prudential 10 per cent; the Edinburgh Industry own 10 per cent; the Edinburgh Trust 7.8 the U.S. However, it has per cent; Viking Resources Trust of Scotland 5.4 per cent, and offer Contact Joint Venture for \$434.576. Any surplus left the directors of Lennox, an unquoted Edinburgh-based oil and gas exploration company, are recommending acceptance of a 1980 Industry own 10 per cent; the Edinburgh Investment Trust 7.8 the U.S. However, it has per cent; Viking Resources Trust of Scotland 5.4 per cent. The Office of Fair Trading has indicated that the Secretary of State for Trade does not intend distributed to the company's trade does not intend distributed to the company's trade does not intend sisting in Lennox at £2.86m,

Enterprise is primarily interested in Lennox's onshore

Kent lifts BEP stake to 21%

in the English Channel and the North Sea.

The share price of the Bristel Enterprise said yesterday that the inclusion of Lennox's offshore interests will increase to the company again and now UK continental shelf in which the Enterprise group holds an interest.

The share price of the Bristel Holdings, was taken over by Beazer last November. Kent Holdings first took a 10 per cent the company again and now owns 20.85 per cent.

M P Kent, a property development company which owns Kent September.

Burmah gets in the mould with Yates wax

Bermah Chemicals' \$6.9m and by 10 per cent in the UK and (£4.8m) purchase of Yates Manufacturing of Chicago, announced yesterday, is a classic example of a major development in the chemical industry worldwide—the move into speciality products.

Even for a comparatively small operation such as Burmah's chemicals division (whose operating profit last year was £7.4m, on sales of 28.9m), Yates ig not as large fulfilled. The technique involves form-business. But in the world of speciality chemicals, that is precisely the point.

Yates makes just one product, a dark green wax which is used in the certain of the division of Burmah's coatings division, has a lot to do with its behaviour at high temperature. Normal wax when heated loses around 3 per cent of its volume. For its a hard market to crack."

Yates makes of dental, mouldings, came up with a wax which sused in modern industry only since World War Two when yates of dental, mouldings, came up with a wax which sused involves form-petitor, we tried to analyse it, with carding plants by the moulding and firing it. The wax drips away, and hot metal is precisely the point.

Yates makes just one product, a dark green wax which is used in the certain of the certain of the drips of the ingredients. We could only identify two-pations, the for manufacturing is simple enough — what is components in the Yates wax."

Burmah Chemicals of Yates wax for the industry only are discussed in making comments in the cast of its volume. For making the wax when heated loses around a per cent of its volume. For it high temperature. Normal wax when heated loses around a per cent of its volume. For making the wax when heated loses around a per cent of its volume. For making the wax when heated loses around a per cent of its volume. For making the wax when heated loses around a per cent of its volume. For making the problems of the p

a dark green wax which is used in the "lost wax" process of r" process of The market foundry casting. The market for this wax is worth only some tens of millions worldwide, but Yates dominates it. And accord-ing to Burnah — which is ing to Burmah — which is of up to a ton, at which point already number two, through its subsidiary Dussek Campbell — the market is growing by— the market is growing by— What makes the wax special, 20 per cent a year in the U.S. says Mr Brian Ridgewell, head specially chemical. Another part has to do with the nature part has to do with the

mould.

For many years after the war the method was restricted to small and highly complex castings, typically in sophisticated alloys, lately, the technology has learned to cope with castings of up to a ton, at which point cheaper metals like stainless steel become feasible.

What makes the wax special, says Mr Brian Ridgewell, head

recipe. The manufacturing is simple enough — what is complex is the alchemy."

This know-how barrier is a key part of the definition of a speciality chemical. Another

the crucial danger in taking over small specialist operations — of overwhelming a profitable business with bureaucratic overwith bureaucratic over

"It will take a good year to find out what Yates is all about," mnd out what Yates is all about."
Mr Ridgewell says. "For that
year, I will be standing with
arms outspread making sure our
bureaucrats don't get anywhere

COMPANY NEWS IN BRIEF

DAVIDSON PRANCE offer for which will receive 18.5 per cent sale has been 4:3 times over- of the number applied for. sale has been 4:3 times over-subscribed. In total 5,150 appli-cations were received for 22.2m shares, and allocations will be made on the following basis. Applications for 100 shares will be decided by ballot. Applica-tions for 200 shares and above will be allocated 200 shares by weighted ballot, up to applica-tions for more than 1,500 shares

Japan Assets 0.05
More O'Ferrail int 1
Third Mile Inv int 0.8
Wettern Bres int nil

ALLEBONE & SONS, footwest

0.05 1 0.7 Nil

0.05

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of Metsec pic in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

(incorporated in England under the Companies Act 1948 to 1980) (Registered Number 1551970)

Placing by Albert E. Sharp & Co.

of 3,812,500 Ordinary shares of 10p each at 67p per share Share Capital

Ordinary shares of 10p each

<u>metsec p</u>

Dec 12 Dec 20 Jan 2

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. \$ USM stock.

ALLEBONE & SONS, footwear manufacturer and retailer, has suffered a pre-tax loss of £218,000 for the half year to July 31 1985, against profits of £258,000. The interim dividend is maintained at 0.25p. After tax of £14,000 (£108,000) stated losses per 10p share are 3.4p (earnings 2.1p).

DIVIDENDS ANNOUNCED

ELECTRONIC tax of £337,724 (£249,990), attributable earnings were up from £541,298 to £750,308.

cent) of its 6.26m rights issue, and the balance has been taken up by the underwriters. The reports a pre-tax loss of £86,000, for the six months to £10m 30. company's shares are quoted on the USM.

SMALLER COMPANIES Investing and loss per share is ment Trust's net asset value at S3p against 91p at March 31, 1985. An interim dividend of 0.5p (same) is recommended.

BORDER & SOUTHERN Stockholders Trust had a net asset value per 10p share of 213.1p (196.6p) taking prior charges at market value. From earnings of 3.63p (3.52p), total dividends of 3.6p (3.5p) will be paid, with a final dividend is effectively for the year amounted to £3.59m (£3.49m). naise dryinend is enectively raised from 1.4p to 1.8p for a total of 2.8p (2.17p adjusted). Earnings per share were up from an adjusted 2.3p to 3.19p. After tax of £337,724 (£249,990), attri-

J. O. WALKER, timber importer, reports a pre-tax loss of £86,000, for the six months to June 30, 1985, against a profit of £138,000.

increased its interim dividend for the six months to June 30 1985 from 0.7p to 0.8p on net

alght. Aght. J. Baldwin, Klark-Teknik us Metals Trust. Wolseley

The principal activities of the Group are:

Design, manufacture and marketing of the 'Metsec' range of structural components and systems.

The Group supplies these products to over 700 customers in the construction industry world-wide.

Specialist design and manufacture of custom roll formed sections for a wide range of industries in the United Kingdom. A proportion of the shares being placed may be available to the public through the market during market Particulars relating to Metsec pic are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 6 November 1985 from:

Albert E. Sharp & Co.

Edmund House, 12, Newhall Street, Birmingham, B3 3ER 22 October 1985

Authorised -

£1,500,000

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issued and fully paid

£1,250,000

Earnings per share for the six months to September 30 were 0.84p (0.95p).

for the Six months to June 30 1985 from 0.7p to 0.8p on net revenue of £56,014 against £42,074. Earnings per share rose to 2.34p against 1.75p.

BOARD MEETINGS

The following companies have notified dense of shoard mentings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are instants or finals and the subdivisions shown below are based mainly on less year's timetable.

TODAY

Interines: Benlox, British and American Firm, English National Investment, First Charlotts Assatts Trust, Harris Queensway, Les Cooper, Walter Runoimen, Soctiath Mortgage and Trust, Silentnight.

. FUTURE DATES Produce

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Plantation and Gen. Invests....
Reed International
Richardsons Westgarth
Save and Prosper Return of
Assets Invest. Trust Oct 23 These Bonds having been sold, this announcement appears as a matter of record only,

October 1985



Emhart Corporation

Farmington, Connecticut United States of America

DM 175 000 000

63/4 % Bearer Bonds of 1985/1995 Issue Price: 100 %

Berliner Handels- und Frankfurter Bank

Swiss Bank Corporation International Limited **Bankers Trust GmbH**

Al-Mal Group

Badische

Algemene Bank Nederland N. V.

Amro International Limited

Arab Banking Corporation Dates & Co. GmbH

Bankhaus H. Aufhäuser

Kommunale Landesbank

Julius Baer International

Banca del Gottardo

BankAmerica Capital Markets Group

Bank Gutzwiller, Kurz,

Bungener (Overseas)

Bank in Liechtenstein Aktiensesellschaft

Banque Générale du Luxembourg S. A.

Banque Internationale à Luxembourg S. A.

nque de Neuflike,

Deutsche Bank Aktiengesellschaft **Banque Nationale**

Dresdner Bank Aktiengesellschaft Kleinwort, Benson Limited

Morgan Guaranty GmbH

Shearson Lehman Brothers International

Credito Italiano

Sumitomo Finance International

Bear Steams international Ltd. Joh. Berenberg, Gossler & Co. Bergen Bank A/S Berliner Bank Aktlengesellscha Bankhaus Gebrüder Beth

iden-Württembergische Bank diengesellschaft BHF-BANK (Schweiz) AG Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale – Caisse des Dépôts et Consignations Chase Bank AG

Banca Commerciale Italiana Chemical Bank International Group Banco di Roma per la Svizzera Bank für Gemeinwirtschaft Aktlengesellichatt

Compagnie de Banque et d'Investissements, CBI Bank Leu International Ltd. Crédit Lyonnais

Bank Mees & Hope NV Creditanstalt-Bankverein Bank of Tokyo (Deutschland) CSFB-Effectenbank AG Daiwz Europe (Deutschland) GmbH Bank J. Vontobel & Co. AG Banque Bruxelles Lambert S. A. Delbrúck & Co Banque Française du Commerce Extérieu

Deutsche Girozentrale DSL Bank Deutsche Siedlungs- und **Dominion Securities Pitfield**

Schlumberger, Mallet Banque Paribas Capital Markets European Banking Company
Barclays Merchant Bank Barclays Merchant Bank

Baring Brothers & Co., Limited

Generale Bank Genossenschaftliche Baverische Landes Zentrafbank AG – Vienna Girozentrale und Bank de Bayerische Ver

Hambros Bank Limited Hamburgische Landesbank Georg Hanck & Sohn Bankier

Hessische Landesbank Hill Samuel & Co. EFHutton & Company Industriebank von Japan

(Deutschland) Istituto Bancario San Paolo di Torino Kidder, Peabody International Kredietbank N. V. Kredietbank S. A.

Kuwait International Kowait investment Company (S. A. K.) Landesbank Rheinland-Pfalz Lloyds Merchant Bank Limited LTCB International

Manufacturers Hanover Limited Merck, Finck & Co. Merrill Lynch Capital Markets B. Metzler seel. Sohn & Co. Mitsubishi Finance International

Samuel Montagu & Co. Morgan Grenfell & Co. Morgan Stanley International

The Nikko Securities Co., (Deutschland) GmbH

Den norske Creditbank Österreichische Länderbank Aktiengeselischaft Sal Oppenheim jr. & Cie.

Orion Royal Bank PaineWebber International Pierson, Heldring & Pierson N.V. PK Christiania Bank (UK)

Privatbanken A/S Rabobank Nederland N.M. Rothschild & Sons

The Royal Bank of Scotland plc J. Henry Schroder Wagg & Co. Limited

Smith Barney, Harris Upham & Co. Incorporated Société Générale Strauss, Turnbull & Co. Limited ritomo Trust International

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(Securities) Limited Verband Schweizerischer Vereins- und Westbank Aktiengesellschaft S. G. Warburg & Co. Ltd.

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Westpac Banking Corporation Wood Gundy Inc. Württembergische

Yamaichi International (Deutschland) GmbH

These securities have been sold outside the United States of America and Iapan. This an appears as a matter of record only.

NEW ISSUE

18th October, 1985



U.S.\$100,000,000

Toyota Motor Credit Corporation

9½ per cent. Notes due 1989

Issue Price 1001/2 per cent.

Nomura International Limited

Merrill Lynch Capital Markets

Algemene Bank Nederland N.V. Chase Manhattan Capital Markets Group

Bank of Tokyo International Limited Crédit Lyonnais

Credit Suisse First Boston Limited

Deutsche Bank Capital Markets

Generale Bank Morgan Guaranty Ltd The Nikko Securities Co., (Europe) Ltd. **Swiss Bank Corporation International Limited**

Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

Worldwide we've launched over 100 new products this year.

And it's still only October.

yea^{r.}

Results from the enlarged **Bestwood Group**

Interim (unaudited) figures for the 6 months ended 30 June 1985 based on the results of The Bestwood P.L.C., its subsidiary John Brown (Printers) Ltd., and its newly acquired subsidiaries Atlanta Financial Services Ltd., Atlanta Trust Ltd. (formerly Kingsnorth Trust Ltd.) and Redstonecourt Ltd., under merger accounting principles.

	8 months ended 30 June 1985 £	6 months ended 30 June 1984 £	12 months ended 31 December 1984 £
Turnover	1,251,118	899,654	1,829,781
Trading Profit (Loss) before taxation	120,944	(9.826)	273,713
Profit (Loss) after taxation	71,055	(41,133)	126,042
Earnings (Loss) per share	3.09p	(1.79p)	5.48p

Commenting on the interim figures, Mr. A. A. F. Cole, Chairman said:

"These figures do not fully reflect the magnitude of the changes that have occurred in Bestwood since I look office as Chairman and Chief Executive, the benefits of which I expect to become evident in the tull year, and in future

"Bestwood now has four operational subsidiaries covering the diverse fields which range from hydraulic engineering to financial services. These businesses now form a "hard core" for the future prosperity and expansion of your company.

"In the light of these changes, I am pleased to have announced today that Mr. Jeremy Colson FCA, formerly Group Finance Director of Donald Macpherson Group PLC, has been appointed Group Finance Director to strengthen the management of your Company. and to give greater financial control. His considerable experience will assist the Board in managing our expanding operations.

"Since the half-year, the trading activities show much promise. In particular the Financial Services Securities Trading Division has had an exceptional performance and it is my expectation that the prolit for the Group for the full year will be significantly improved, excluding any dividend contribution from Foraky Ltd., where Bestwood hold a 24% stake and are soon to acquire the balance. The circular for this agreed acquisition will be posted shortly. Foraky is expected to be a major contributor to the Group's earnings in 1986 and further improve the growing profitability of your Company.

"In these circumstances it is envisaged that dividends of 6p net (1984-6p) will be paid, for the year ending the 31st December 1985, on the capital enlarged by the recent acquisitions and rights issue, as well as any capital which may be issued in respect of the acquisition of the remaining shares in Foraky Ltd."

NOTICE OF REDEMPTION

Mount Isa Finance N.V.

81/4 Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of November 15, 1971, as supplemented, among Mount Isa Finance N.V., M.I.M. Holdings Limited, Mount Isa Mines Limited and The Chase Manhattan Bank (National Association) as Trustee, \$1,848,000 in principal amount of the above Debentures will be redeemed through operation of the Sinking Fund on November 15, 1985 (the "Redemption Date") at the redemption price of 100% of the principal amount thereof (the "Redemption Price") together with accrued interest to said

The Chase Manhattan Bank, N.A. 41 Rue Cambon

Banca Commerciale Italiana, S.p.A. 6 Piazza Della Scala

75001 Paris, France

THE BESTWOOD P.L.C.

2680 3440 4496 5089 5387 6022 6373 9052 2685 3485 4497 5102 5368 8027 8377 9054 2688 3487 4558 5111 5389 6028 6378 9451 2690 3488 4559 5117 5372 8029 6378 9452 2695 3493 4560 5118 5373 6030 6380 9453 2695 3495 4569 5119 5374 6031 6388 9454 2670 3500 4571 5122 5375 6032 6381 10475 2707 3502 4573 5123 5379 8030 6386 6396 10497 2713 3513 4575 5126 5380 6036 6396 10497 2714 3322 4576 5127 5386 6036 6400 10501 2715 3527 4580 4580 5133 5399 6036 6400 10501 2715 3527 4591 5135 5400 6040 6403 10504

46 MOORGATE LONDON EC2

UK COMPANY NEWS

More O'Ferrall falls Approach and blames weakness in UK revenue

advertising group, reports a marked decline from £1.21m to £376,000 in pre-tax profits for the six months to June 30 1985. Turnover was down from £9.53m

The interim dividend which absorbs £249.000 against £205.000, is held at 1p—last year a total of 3.4p was paid from pre-tax profits of £2.22m. Stated earnings per 10p share dropped

pre-tax profits of \$2.22m. Stated earnings per 10p share dropped from 3.3p to 1p.

Mr Russell Gore-Andrews, chairman and managing director, says the weakness in revenue and margins in the UK caused the drop in profits.

In France and Belgium, however, an increase in turnover was, in part, due to the reporting of IDE for the full six months. The purchase of 74 percent of IDE prompted the directors to suggest that turnover and results might improve.

Increases in costs, including non-recurring items and adverse

mon-recurring items and adverse movements in currency exchange rates affected profitability in mon-recurring items and adverse movements in currency exchange rates affected profitability in these markets.

He says that from May profits of £203,000 (£688,000).

More O'Ferrali, the outdoor onwards, the group succeeded in achieving improved prices in the UK for its high quality products and continued its control of

> Following More O'Ferrall's acquisition of the outstanding 50 per cent of Adshel, the integration of the two companies' operations in the UK has progressed according to plan with the reduction in overhead costs

year as a whole."

First half operating profits came out at £342,000 against £318,000, and group share of profits of its related company was £197,000 against £343,000. The pre-tax figure was after interest charges considerably higher at £163,000 compared with £56,000.

Markheath cuts halfway losses to £360,000

mercial and residential property developer, has reduced pre-tax losses from £458,000 to £360,000 for the half year to June 30,

Directors say that, as forecast at the time of a £7.3m rights issue in June, turnover of £5.73m (fl.3m) principally comprises the proceeds of sale of a develop-ment at Stratford for which pro-vision was made in last year's accounts and which has not con-

tributed to profit for the period. There is a significant and in-creasing level of interest being shown by prospective tenants in the development, say directors.

A second interim announcement, giving details of any interim dividend payable in respect of the 15 months to March 31, 1988, will be made in January. The group's accounting reference date has been changed to March 31.

Money raised through the June rights issue has enabled direc-tors to continue with the develop-ment programme to take advantage of trading conditions.

Negotiations are at an advanced stage for the purchase of a number of sites which will form part of the development programme to 1990.

The directors confirm the profit forecast made at the time of the rights issue. They predicted a pre-tax profit of at least £1.4m for the 15 months to March 31 1986, about £300,000 of which would arise from rental. income from investment proper

Directors believe that letting arrangements concluded over the past few months should enable the group's profit to grow significantly over the next two

The group has 69,000 sq ft of offices let and being held as investments which will have an annual rental value of £713,000. The group's development prohas 72,000 sq ft of offices pre-let in varying stages of completion. Loss per share was stated at 1.21p (3.01p).

by Pavion to buy rest of Stanelco

rinancial Times Saturday October 18 1830

Pavion: International has ap-proached its subsidiary Stancko which may lead to an offer being made for the shares which it does not aiready own.

The announcement of the move accompanied the interim results from Stanelco, which suffered increased losses in the period to end-August due to price-cutting in a highly competitive market. On turnover down from £726,000 to £547,000 the USMquoted maker of high frequency process heating equipment suffered a loss of £70,000, com-pared with a profit of £48,000

The loss per 10p share came out at 5.1p, against earnings of 2.5p, with a fully-diluted loss of 2p (earnings 1p).

The adverse conditions experi-

enced by the company and Thermex-Thermatron have meant that the terms on which Thermex was to be acquired were no longer appropriate and the trans-attion will not take place.

Granville & Co. Limited Member of The National Association of Security Dealers and Investment Managers 8 Lovas Lane London EC3R 8BP Telephone 01-621 1212 Over-the-Counter Market

_					Ġross	Y Midd	•	Fully
	_	-	Dolon	Change		3 %	Actual	เลขอ
High	Low	Company	131		GB	50	7.3	3.7
145	123	Ass. Brit. Ind. Ord	137	_	10.0	7.3	_	
151	135	Ass. Brit. Ind. CULS	56	-	0.4	11.4	9.3	12.2
77	43	Airsprung Group	45	=	4.3	8.6	5.6	6.7
46	26	Amitage and Rhodes		+2	4.0	2.5	20.5	23.3
162	108	Bardon Hill	162		3.9	5.8	7.0	8.0
64	42	Bray Technologics	67x0	' =	12.0	7.7	3.8	3.6.
201	155	CCL Ordinary	155		15.7	15.1		
152	104	CCL 11pc Conv. Pl	104	, -1	4.9	3.9	6.2	9.7
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æ	182	Frank Histstell	560	+10			12.7	17.1
660 539	170	Frank Horsell Pr.Ord.87	539	+10	11.9	2.Z		17.1
32	21	Frederick Parker	21	_		_	3.2	5.9
83	33	George Blast	79	-		8.9	17.5	9.7
50	30	Ind. Precision Castings	44		3.0	7.9	14.6	21.2
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225	100	Charleskans Officer	180				3.5	6.9
100	90	Linguaphone 10.500 Pt.	90	_	15.0	18.7	~	23.7
650	300	Minihouse Holding NV	570	_	6.9	1.2		
120	31	Robert Jenkins	79		_	_		. 22.6
60	26	Securons "A" www.	31	_			3.4	7.8
90	61	Torday and Carlislo	88	_	5.0	7.4	3.5	9.2
92 444	320	Travian Holdings	320	_	4.3	1.3	18.2	- 17.9
35	17	Unilock Holdings	35	=	2.1	6.0	9.5 6.2	9.3
113	ġi	Walter Alexander	110		8.8	7.7		7.5
747	105	W S Yestes	200	-2	17.4	8.7	5.7	9.8
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This announcement complies with the requirements of the Council of The Stock Exchange It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities,

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A\$30,000,000

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The Bank of Tokyo, Ltd., Northgate House, 20-24 Moorgate, London EC2R 6DH

London EC2R 7AN

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Mount isa Finance N.V.

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Swiss Bank Corporation

Dated: October 15, 1985

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FINANCIAL TIMES SURVEY

Tuesday October 22 1985

More challenges lie ahead for the ports as they grapple with competition from subsidised continental rivals. Looming over the Channel ports is the threat posed by a possible fixed link with France

Battle to lighten the costs burden

By ANDREW FISHER, Shipping Correspondent

IN THEIR modern, highly mechanised and automated form, ports in the UK are a far cry from the bustling, exciting and often romantic places they used to be until even a few

for efficiency and management flair, in the days when the country's maritime interests had real power in the world, they have had to adjust painfully to the economic and industrial realities of the post-1960s.

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The structural changes they have had to undergo have been considerable and the real im-pact of these has often not been seen until later. The end of Empire, the steep rise in trade with the EEC; the effect of mass air travel on passenger traffic; the switch to containers for many general cargoes — all have left their mark on the

Today, the ports face challenges just as great, and in one case even more so. The major uncertainty looming over Some south coast ports, chiefly Dover, is the prospect of a fixed link with France. But ports all round the country share deep concern over growing competition from subsi-dised, but highly efficient, North

A number of executives in the ports sector are worried that Britain could just become an offshore island as far as cargo shipping is concerned. Their fears are not for the future of the remaining big UK future of the remaining big UK

companies like Overseas Conby 30 to 40 per cent, if we had
tainers Ltd (OCL), but for the
the same support as other Euroroutes by which goods find pean ports reckoned Mr. John
their way into Britain.

Black, chief executive of the

Most of the cargoes entering Port of London Authority. But the UK come in foreign ships, while the UK industry cannot But there is nothing to stop influence what happens on the But there is nothing to stop these ships from unloading in such Continental ports as Rotterdam and Antwerp and transhipping containers on smaller vessels into the UK.

The end result, it may be argued, is the same. But the cost to British industry and the consumer is higher as a result of the extra handling and transport involved. Sharpening the issue is the feeling among many part, managers, that they are port managers that they are operating with one arm tied be-hind their backs. Other European ports do not have to bear the same cost burden as those in the UK.

Thus, those in the industry tend to get very exercised about what sound on the surface like mundane issues: lighthouse dues, pilotage costs, and customs service. On pilotage, the Government seems prepared to act. But the ports reckon they receive a raw deal, compared to those in the Continent, in the way that costs of light-houses and lightships are loaded straight onto shipowners.

"Ports elsewhere in Europe are seen as natural parts of the infrastructure," said Mr John Tholen, chief executive of Tees and Hartlepool Port, "All sorts of things are done in European ports that are not done in the UK." Government help with dredging and many other costs is common across the Channel.

"Our charges could be cut by 30 to 40 per cent, if we had the same support as other EuroContinent, it would like the Government to act more force-

The Government is still con-sidering what to do over the vexed question of light dues, which cost shipowners coming which cost shipowners coming into UK ports nearly £50m a year. A report commissioned by the Government from accountants Arthur Andersen recommended that the charges be reallocated so that tankers, bulk carriers and container ships pay less, and other users such as ferries and pleasure boats take up some of the burden.

But the British Ports Association has rejected this. It wants the dues cut immediately, and by a large amount. The BPA argues that the costs of coastal lighthouses and buoys should be borne by the Government, as on the Continent.

"Britain's system of light dues is a tax on ships using British ports which can amount to more than £20,000 per call for a large container ship," said the BPA. which represents all ports in Britain. But such a ship might have, say, only 400 containers on board for the UK.

"Charges of that sort, which can aggregate to well over £1m a year for a single line, and smaller charges for smaller ships, represent a real and dominant deterrent for the ship owner and have resulted in lost trade for some of Britain's larger ports."

arger ports."

has become rather a cliche.

It is one of the many prob there is no doubt that ports



lems which the Earl of Caithness, the new Shipping Minister, will have to ponder. Ports are also concerned at the effect of government spending cuts on customs, in the form of delays to cargoes. "The service is clearly under-resourced," asserted Mr Nicholas Finney, director of the BPA. "Morale is poor and we are very concerned about the impact on trade."

Despite this catalogue of woes, however, there are some very bright aspects to the ports ustry. Felixstowe, the thriving container port on the east coast, is an obvious example of how timely investment, allied to the right geographical location, can help boost business.

For while the east versus west conflict in the UK industry

nearer the EEC are best placed to benefit from the growing Mersey Docks, trade with the Continent. Liver-pool and Bristol in the west, though very different in struc-ture and tradition, have both

Felixstowe, being a newer port which grew from small be-ginnings, is also outside the National Dock Labour Scheme, which regulates much of the industry's labour. Thus it has much more management control over its own labour structure.

had to struggle in recent years.

Although the scheme virtu-ally guarantees registered dock-workers a job for life, if they want it, there has been plenty of restructuring. Thousands of dockers have taken advantage redundancy generous

James Fitzpatrick, chairman of

has had to adjust to the pull of geography, which has re-moved much of its trade to more southern ports. In past years, though not now, its labour record was also poor. Mr Fitzpatrick, however, feels that the facilities on the Mersey, handling containers and a variety of other cargoes, have contracted as far as they need. and that the next phase will be one of expansion.

He is pleased with the progress made by the new freeport, though similar projects elsewhere, such as Southampton, have yet to take off properly. The latter's main port went

lower its charges to shipowners.
This it finally achieved,
though not without container traffic being halted for some months. Southampton is part

of Associated British Ports, privatised in 1983. Mr Keith Stuart, chairman of ABP, said productivity over the whole industry had moved up sharply, as laborate made. investments made. "The ports industry is expanding not contracting." More cargoes are coming through, and ABP with its 19 ports handling

cargoes — Immingham on the Humber is its major bulk port - has been seeing the results. — has been seeing the results. the economy, especially in the Last year's dock strikes, said ports and shipping companies. Mr Stuart, had shown that "no Even so, some see it as a chalschemes to leave the industry.

And ports have rarely taken on new labour. "We haven't recorded for 10 years," noted Mr to push through a major cost- had been able to switch to ports through a major cost- had been able to switch to ports them. through a major trauma of its single port group is indispens- lenge. ABP recently took a own late last year, when it tried able any longer." Customers stake in the Euroroute consor-

a variety of container and bulk

Ports with largest

les) 1984	1983
59.7	54.3
48.1	46.9
32.6	33.8
32.1	30.7
29,8	28.8
27.4	25.3
	1984 59.7 48.1 32.6 32.1 29.8

Top UK bulk cargo

ports		
m tonnes	1984	1983
London	10.66	14.63
Tees and Hartlepool	8,51	6.80
Pert Talbot	6.66	5.73
Grimsby/Immghm.	5.59	8.57
Liverpool	4.73	4.36
Clyde	3.87	3.70
Southampton	1.97	1.98
Main bulk cargoss are cost. Source:		

Transport, British Ports Association not affected. The UK's major ports have been spending fairly heavily to keep abreast of new cargohandling techniques. But there is plenty of competition for their business. Great Yarmouth in Norfolk hopes to press ahead with a £45m expansion scheme to win container, roll-on/roll-off, and grain business. Chat-ham and the other Medway

These ports do not see the proposed fixed link with France as a major threat. But many in the industry, including the BPA, feel that the Government has not properly assessed just how a fixed link would affect

ports are also growing.

ssociated British Ports.



Investing now for expansion

Almost one quarter of the country's seaborne trade passes through our nineteen ports, making Associated British Ports Britain's largest ports business.

To keep pace with ever-changing and growing market demands, and to ensure that we have a sound base for expansion in the nineteen-nineties and beyond, we are constantly investing in new facilities and developments.

> For example, on the East Coast at IMMINGHAM our new £5 million deep water berth for bulk liquids—especially Liquid Petroleum Gas from the North Sea - is now completed. At HULL, several new developments are already underway, including the construction of a new ferry terminal and a re-equipment programme for the container port investments by ABP totalling £8 million.

On the South Coast, at SOUTHAMPTON, new container business has been won and the port is diversifying into the handling of bulk cargo. We are also making the most of Southampton's valuable land assets, and three major development schemes are planned for the port in conjunction

with property development companies. At PLYMOUTH we are investing some £5 million in a new roll-on/roll-off terminal, doubling the port's capacity to serve the expanding French and Iberian markets.

In South Wales, a new terminal at BARRY is being built to handle fruit and general cargo. At AYR in Scotland, £2 million is to be invested in new coal handling facilities to meet increased export business.

Many of ABP's ports, because of their proximity to offshore exploration, will benefit from the activities of ABP SEAFORTH LIMITED. This new joint venture company is creating a network of permanent and short-term supply bases for the oil and gas industry.

These are just some of the ways in which Britain's largest ports business, Associated British Ports, is meeting the challenge of today with investment for tomorrow.



ABP is part of Associated British Ports Holdings PLC, 150 Holborn, London ECIN 2LR Telephone 01-430 1177 Telex 23913

Still a force to be reckoned with

Labour **DAYID THOMAS**

SEEING DOCKERS last year crossing picket lines of the Transport and General Workers' Union was a demonstration of how much industrial relations have changed. For the tradi-tionally loyal and militant dockers to ignore their leaders was in many ways more surpris-ing than the treatment which the Nottinghams ire miners gave Arthur Scargill.

Yet the dockers were not humbled to the same extent as the miners by the events of last year. True enough, the second strike crumbled in September with the TGWU in disarray, yet the largely solid earlier stop-page in July showed that the dockers were still a force to be reckoned with.

At the height of the July stoppage, the Confederation of British Industry warned that three quarters of its member companies would be laying off workers within four weeks. A survey by the Institute of Directors revealed that Britain's boardrooms feared the dockers more than the miners. There was much talk of an industrial giant having woken from its

not been marked by the decisive increase in management's freedom of manoeuvre seen in the coal industry. Indeed, the Government still appears too worried by the latent industrial power of the dockers to sweep away the greatost block on the port employers' freedom to manage—the statutory national dock labour scheme.

The scheme dates back to 1947 when the post-war Labour Government legislated to end the casualisation in the industry which had meant dockers queuing each day outside port offices on the offchance of work. The result now is a series of statu-tory local and national dock labour boards, composed jointly of employers and unions, which control the deployment of dockers and reduce almost to nil an employers' ability to declare compulsory redundancies.

Understandably, the TGWU is eaply committed to the scheme. In an ideal world (from its point of view), it would like the scheme extended to the many ports, like Felixstowe—too small to be included when the scheme was devised—which have now blossomed into significant traders. However, there is no chance of that under this—and, perhaps, any other-Govern

Failing that, the TGWU reacts umbers. with immediate threats of a Though the dock strikes national dock strike whenever

finally ended in humiliation for there are official mutterings the TGWU, their aftermath has about abolishing the scheme. though others thought the TGWU's wish to help the miners

was the real cause.
Yet the dock labour scheme
has not prevented a continuous cut in the number of dockers, brought about by an equally constant restructuring of the industry. The number of registered dock workers peaked at 82,500 in 1951; 12 years ago, it was down to 41,000; the latest figure is 12,150; balf what it was five years ago.

The main pressures shaping these job cuts have been at play for many years. The container revolution, with roll on/ roll off replacing the old labour-intensive methods of handling general cargo, is the most important. Crucial, too, has been the switch of trade away from the deep sea ports like Liverpool to docks on the south and east coast, like Dover and Felixstowe.
These pressures are still at

work, Some Third World trade, from South American and African countries, for instance, is still to be containerised. Changing patterns of trade are a constant backcloth to the demand for dock labour in individual ports, with the move to transhipment through the ferry ports to ports like Rotterdam and Bremen an important fac-

was the reason given by the coal and oil. Loss of these bulk union for last year's strikes, cargoes means though others thought. shifts too in the trade patterns cargoes means a significant of such a rigidity. The docks drain on revenue for a port, strikes were finally seen to have and hence a reduced ability to ended in failure for the TGWU; carry surplus labour.

The result, from the em-ployers perspective, has been from tackling the scheme. the need to whittle away con-instead, the Government ployees. There have, of course, been variations within this general pattern. Some of the

Conversely, there have been in 1987-88. sharp productivity surges at Agreement on this funding some large docks. Southampton, has allowed port employers to long regarded as particularly over-manned, is a case in point. A dispute there ended in January with pay cuts, the loss of 300 dockers' jobs and lower of up to £25,000 or communic levels on each dock that the loss of the community levels on each dock that the loss of the community levels on each dock that the loss of the community levels on each dock that the loss of the community levels on each dock that the loss of 300 dockers' jobs and lower of up to £25,000 or commute manning levels on each dock part of it on favourable terms gang. Associated British Ports into a weekly income payable says it has been able to cut until normal retirement age.

Together with an improved a quarter in consequence.

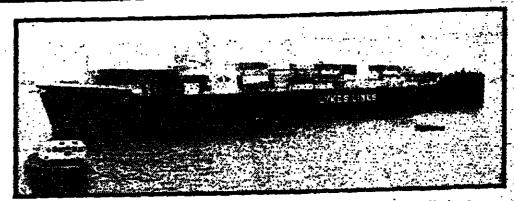
There have been significant ironic. Its employment policies stress the need to remove rigidities in the labour market; yet the scheme is a prime example yet their very occurrence seems to have dissuaded ministers

rinancial Times Saturdy October 18 1800

Instead, the Government has tinuously at the numbers of empresently agreed a generous ployees. There have, of course, package of financial aid which will help fund the consequences smaller ports, which can often years. Besides wiping out past respond more quickly and debts, the Government will fund flexibly to customer require 100 per cent of future severance ments, look poised to start recosts up to March 1986; 75 per cent in 1986-87; and 50 per cent

Yet for most ports, there arrangements are designed to seems to be little scope for prove more attractive to dockers major productivity gains. The precondition for that are designed to prove more attractive to dockers precondition for that are designed to prove more attractive to dockers are designed to the leaving t major productivity gains. The thinking of leaving the indusprescondition for that, employers are looking for say, is the abolition of the dock about 2,000 more voluntary relabour scheme. The employers about 2,000 more voluntary relabour scheme adds about 12 per cent to costs compared with non-scheme ports.

The Government's reluctance to abolish the scheme is doubly the agenda.



The vital lifeline

Infrastructure MARJORY GILLIES

IN SHIPPING, to a greater extent than in many other industries, time is money and a cargo delayed at a port can prove to be a costly liability. A load stranded at the quayside has a greater chance of being pilfered or of its ownership becoming confused amid the intense activity of busy ports. Time spent at the dock-side is time wasted, and a port which can offer facilities to send a load on the next leg of its journey quickly is its journey quickly is more likely to attract users, in a market where customers are

The most reliable way of protecting a cargo is to get it to its destination as quickly as possible. In the quest for this goal, road and rail links are vital. An efficient infrastructure can transform a port from the obscurity of a quiet fishing backwater into a thriving

increasingly looking for a door-

Such a transformation is being realised in Humberside, improved communications have unlocked trading potential for the area.

The Humber Bridge is at the forefront of improved com-munications in the North East. Built in 1981 at a cost of \$125m. and hailed as the world's longest single span bridge, it has been dubbed by its critics as an expensive white elephant. Tor Lloyd, however, cited it as one of the factors which per-suaded the company to use and roll-on/roll-off services. With the new bridge, it now

takes about a quarter of the previous time to get from Grimsby to Hull by road; and the surrounding motorlinks com-

rail links to the national net-

On the west coast, developers are also doing their best to emphasise the benefits of the various ports' central position and good road links. The M55 motorway has made the port of Fleetwood more accessible, and improvements to the A585 have relieved congestion.

Liverpool is ideally placed to take advantage of the M6 and M62, while the Mersey Docks and Harbour Company has invested "a five figure sum" in reconnecting deep water berths to the national rail network. The link will extend directly into Liverpool's freeport. Whereas the improvements

to the infrastructure of the country's western ports appear small and piecemeal, the changes being wrought in the south east are revolutionary by comparison.

Felixstowe promises to be the best connected port in the UK, but is only just beginning to shake off the traces of disrup-tion which inevitably accompany major road and rail alterations. The elegant Orwell Bridge is probably the most significant development of recent years, and allows freight to avoid the bottlenecks and one-way systems of Ipswich.

roadlinks via the A12 to London, and A45 to Cambridge and the North-although the A12 still tends to become more con-

The latter problem should be remedied in the autumn of next with two Freighfiber the committee with the opening of the committee with two Freighfiber the committee with the Cheimsford by-pass.

and replacing it with wide-span the surrouting movinities conyard stacking gantry cranes fed plement this facility. This M62 East Anglia also now boasts access north to the M20, while
by tractor/chassis combinations.

The rubber-tyred park the west coast and from here links, with electrification of A2. The London to Dover route
gantries are now the mainstay, the M6 gives easy access to lines from Liverpool Street to has something of a reputation. of several major container Scotland. Inswing the manufacture of several major container Scotland. Inswitch and Harwich. That for bottlenecks but its advantage lies in the fact that it is appeared in the first passen of continental passen only one and a half hours from

Britannia Gas, a subsidiary of the National Freight Consortium, has established a terminal at Immingham from which to distribute its product nation-wide. There are also quayside said links to the national paters.

plicated, single track.

At present Felizatowe carries by rail, but a new rail link with resignalling improvements could allow the port to carry solutions.

year.

If the east coast ports have sought to develop their infra-structure in a conventional manner the Port of London Authority has chosen more-exotic ways of enhancing its appeal to customers. In this it has been encouraged by the London Docklands Development Corporation, whose ambitions for the area appear to know no bounds. The Corporation's image of a new dockland includes a highly sophisticated railway system, canal links, a STOL (short take-off and landing) airport, and a new river

At present the only innovation is a Dockland Clipper which provides a quarter hourly service from Mile End to Island Gardens.

The controversay which surrounds the development is evident in the seventeen week public inquiry into the STOLport. The future of the Corporation's plans for road links depends on whether public support for the venture is forthcoming. A less nebulous improvement for the port is the new M25 which eases the confusion of routes which converge on the capital,

One such route is the new M3 linking Southampton to London. From here there are fast The docks themselves are roadlinks via the A12 to Lon-connected via the M271 to the northern route, and to the east-bound M27. Southampton has also benefited from improvegested the nearer it gets to ments to the M34 which should London, and Chelmsford help communications with the becomes a hold up for traffic North and Midlands. In addition

heimsford by-pass. coast, Folkestone has direct East Anglia also now boasts access north to the M20, while

Advanced computers come into play

Equipment and Technology

ALAN SMITH

THE RECENT history of cargo handling technology in UK ports has been characterised by wo distinctive revolutions in shipping and port operations. The marine container, which effectively unitised general cargo in standard 20 ft or 40 ft boxes, did away with the old cargo sheds, the rows of creaking five-ton jib cranes and re-placed them with acres of open ling terminal equipment.

At the same time, the intro-duction of large bulk carriers requisite. ranging up to 200,000 dwt and In contrast, the British Steel beyond led to the establishment Corporation (BSC) and the Cenor purpose-built terminals and tral Electricity Generating equipment for handling vast Board (CEGB) between them

The UK's ports reacted very ment available. quickly to these changes in BSC's main in particularly in terms of equip- ton, Redcar and Port Talbot have led to the conversion of

port users.

Moreover, some ports are currently at the forefront of developing and installing the most advanced computerised control and operations systems in existence.

Turning first to the dry bulk sector, it should be remembered that in terms of industrial raw materials traffic, UK ports have played a minor role compared to the state steel and power industries. Nevertheless, most ports offer

ment and conveyor shiploaders for handling a variety of dry bulk imports and exports. In this type of environment, sophistication has never been a pre-

volumes of coal, iron ore, grain are installing some of the most and other bulk commodities. efficient bulk handling equip-

receiving terminals at Hunters- recent bumper grain harvests

Ayr and Troon

and reclaimers to cope with any cargo volumes required.

However, at Port Talbot, BSC has just completed installing a sophisticated continuous mechnical ship-unloader (sup-plied by the UK's Babcock Moxey) capble of discharging iron ore at 3,000 t/h (tonnes per hour), and coal at 1,500 t/h Likewise, the CEGB is now commissioning one of the most sophisticated 1,000 t/h mechanical ship-unloaders to handle

coal at its Tilbury "B" power small multi-bulk facilities featuring grab unloading equipstation on the Thames. This UK-built Simon-Carves machine will join two other Swedish Siwertell continuous unloading units that were recently installed at the CEGB's West Thurrock and Kingsnorth

The versatile ports of

Ayr and Troon are fully equipped to provide a fast, reliable and efficient

service to handle a wide variety of dry and liquid bulks and general cargoes.

The ports have recently benefited from a

£3m investment programme, and a new

£2m scheme is now underway at Ayr to

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generating stations for handling coal at 1000 1/h. While the state sector has led in the handling of industrial raw materials, it is private investment that has boosted the ment available.

BSC's main iron ore and coal handling port facilities. The

ment deployment, and can now can receive some of the largest many import silos and berths boast facilities that match any and have high capacity grab into export facilities. in the world today.

cranes and storage yard stackers Redler of Gloucestershire has been involved in such con-

troversial projects at Southampton, Cardiff, Tilbury, Ipswich, Newcastle and Hull in the past two years, installing new shiploading, conveying, elevating and storage systems.

Investment in grain installa-tions has also included the construction of terminals and equipment. For example, the Forth Ports Authority built a deep sea grain export terminal at Leith, Cargill UK officially opened an extension to its export facility at Hull during October 1984, and Tynegrain/ Bunge and Co. opened a major storage and distribution base in

the Port of Tyne. The latter two terminals demonstrate the degree of sophistication which has been reached at UK bulk handling ports. At Hull, intake, storage and outloading operations are computer controlled. These computers record each delivery contract and update the contract as lorries are checked in, as well as recording the stock level in each of the bins.

At the Port of Tyne, Richard Simon & Sons has installed modern grain weighing and measuring technology, includ-ing electronic loadcell weighing and high-speed microprocessor systems for data handling. However, it is in the context of container handling opera-tions that computer technology

tions that computer technology has made its mark on UK ports has made its mark on UK ports
Perhaps the most advanced
systems in this field are
employed at the Port of Felixstowe, which arguably leads the
world in such technology.
Felixstowe Dock & Railway
Company began using its Direct
Trader Input (DTI) system in
January last year, to allow over
160 agents to make their own 160 agents to make their own Customs entries direct to the Customs computer located at Harmondsworth near Heathrow.

The second phase is going ahead under which a complete inventory control will provide a detailed record of the identity and status of both imports and exports from the moment a record is created until the cargo

leaves the dock area.

So successful is the system that the nearby Port of Harwich decided to link-in to Felixdecided to link-in to Felixstowe's so-called FCP30 computer network. Moreover, an
associacid ship planning system
is also under development. This
will link into the existing cargo
control system at Felixstowe's
main container terminals.
The Port of London has
invited tenders for the development of its own system by April
1936, while the Port of
Southampton intends to have its
ICL computer based ME29

system in place by the end of October, and a joint system is backwater into a thrivin expected to be inaugurated for centre of international trade.

Dover and Folkestone next Such a transformation.

Investment in computer technology at certain terminals has followed on from a long period of heavy investment in efficient highly sophisticated handling equipment.

Indeed, the UK was one of the world's pacesetters in intro-ducing large fleets of container handling and stacking straddle carriers to back up an ever-increasing number of quayside Once again, however, it was the privately owned and operated Port of Felixstowe

that started a worldwide trend in storage yard container handling by completely phasing out its straddle carrier fleet and replacing it with wide-span

where the straddle carrier has remained the dominant yard equipment, such as at Liverpool, Tilbury, Clydeport and some parts of Southampton, the terminal operations and control systems have in
tom Harwich, with its steady tage lies in the fact that it is advantage of continental passengers, will doubtless benefit the Lincolnshire, and companies are port, while the Feliastowe/ beginning to take advantage of Ipswich link ramains an uncomparations and control systems have the straddle carrier has area to include East Anglia nad gers, will doubtless benefit the Lincolnshire, and companies are port, while the Feliastowe/ beginning to take advantage of Ipswich link ramains an uncomparations and control systems have the straddle carrier has area to include East Anglia nad gers, will doubtless benefit the London by train.

Marjory Gillies is a staff writer beginning to take advantage of Ipswich link ramains an uncomparations and control systems have the straddle carrier has area to include East Anglia nad gers, will doubtless benefit the London by train.

Marjory Gillies is a staff writer beginning to take advantage of Ipswich link ramains an uncomparations and control systems have the straddle carrier has area to include East Anglia nad gers, will doubtless benefit the London by train. terminal operations and control systems have been upgraded to

systems have been upgraded to maximise performance levels.

Nevertheless, developments are still continuing in the container handling field, especially for being able to accommodate the latest generation of super containerships entering service. Herbert Morris, the Loughborough-based crane manufacturer, is working on a £10m order from the Port of Felix-stowe to supply a series of shipto-shore container cranes for the new Trinity terminal. These units are each capable of lifting

units are each capable of lifting 40.6 tonnes, will have a boom outreach of 45.7 metres and a lift speed of up to 50 metres per minute.

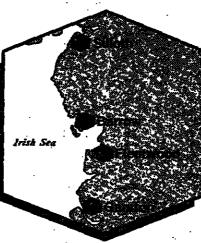
The cranes will incorporate a network of programmable logic controllers (PLCs) as a step

towards partial automation of crane drive functions, and it is likely they will feature a computer-aided condition moni

computer-aided condition moni-toring system.

UK ports have invested heavily in advanced equipment and operations systems to obtain the maximum improve-ments in productivity. In many respects, these ports are generally in a state of dire overcapacity when comparing their combined handling capabilities with total UK cargo traffic. Nevertheless, to ensure traffic. Nevertheless, to ensure retention of cargo share and to increase their business, investment will undoubtedly have to continue and further developments undertaken. Alan Smith is editor of Bulk ICL computer based ME29 Systems International.

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Adapting to meet harsher conditions

Cargo Development

ANDREW HISHER

THE 1980s are proving a hard decade for the world's ship-owners. Survival has been the order of the day, as companies in the tanker, bulk carrier, container, and cruise sectors have battled against a background of slackening trade and chronic over-supply.

The tribulations of the tanker market have been well documented. Now it is bulk carriers which are going through one of their roughest periods ever, while the container operators on liner (scheduled cargo) routes face a steady rise in capacity which is causing rates to plummet.

STATE OF STA

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not the number of ships affoat. Last year, the volume of world trade grew by nearly 9 per cent. But only two-thirds of the increase in total trade was seaborne, noted the latest review of Lambert Brothers Shipping, prepared by Lev Sychrava Associates and Maxwell Stamp Asso-

in fact, it added, the prepor-tion of world trade carried in ships has been decreasing for some time. The debilitating conflict between Iran and Iraq has had a severe impact, caus-ing trade to be diverted to pipe-lines and model. A mod deat of lines and roads. A good deal of trade between European coun-

market have been well documented. Now it is bulk carriers which are going through one of their roughest periods ever, while the container operators on liner (scheduled cargo) routes face a steady rise in capacity which is causing rates to plummet.

For the ports, the problems of the shipping industry by no means spell disaster. It is cargo volumes and the strength of international trade which mostly determine their prosperity and it was goes overland. Coal and it is goes overland. Coal and it is goes overland. Coal and this plant this goes overland. Coal and this goes overland. Coal and this goes overland. Coal and this goes overland.

forecast. Purchases of goods by the world's second, third and fourth biggest importers—West Germany, Japan and the UK—will not significantly off-set the weaker pull from the U.S.

Because of the variety of cargoes handled by UK ports and the multiplicity of home, European and other markets served by their shipping customers, it is impossible to say clearly how these trends will affect the industry. But want affect the industry. Port managers, however, are well aware that they have to adapt, either through investment to attract new business, possibly in cargoes they have not handled before, or by trimming back to meet harsher maritime condi-

tions.

There are some good illustrations of this in the container sector. Southsmpton pushed through a drastic programme of cost and employment cuts late last year, suffering extensive problems with its labour force as a result. But the tough competition on world container routes, with major foreign lines expanding fast, meant the south coast port had to put its house in order.

Even with its natural advan-tages of location and tide, the port was less attractive to its regular users than it might have been. Its charges were far higher than those of Felixstowe and its container-handling efficiency was lower. Under the deal struck with the work-

cut by around a quarter.

Felixstowe, the largest container port in Britain, is nearly bursting at the seams and is well under way with a £47m expansion project to take the new business it expects in the next few years. Both ports are in competition with such big northern European centres as Rotterdam and Antwerp, which benefit from a high level of government financial support. Zeebrugge, the Belgian port which is Felixstowe's nearest rival, is also spending heavily

By the early 1990s, Felix-By the early 1990s, Felix-stowe reckons it will need more room. A special bill is being piloted through Parliament to allow the port to extend its boundaries. "This will give us a 10-year land bank," said Mr Geoffrey Parker, the port's chairman. Felixstowe is not expecting growth to match the fourfold rise it has seen since expecting growth to match the fourfold rise it has seen since 1970, but argues it will need extra space simply to cope with growth of only 3.5 per cent a year from present customers.

Its Suffolk location means Felixstowe is in just the right place to deal with the volumes of trade passing between the UK and the rest of Europe. Over the years, it is the south and east coast ports that have tended to prosper most. Dover,

and east coast ports that have tended to prosper most. Dover, the major cassenger port in the world, handles a vast amount of roll-on/roll-off (ro-ro) traffic to the near European ports.
Though it ranked ninth in

years, showing a small rise to

nearly 27m in 1984 and slipping

back to 26m last year. More than half of these went through

lations of the market's future

have gone awry as the result of a new and disturbing (for the ports industry) factor: the pros-pect of a fixed link across the Channel to France. This could

cream off much of the traffic.

At this stage, it is still not known what sort of link, if any, will be chosen. Certainly, the port and ferry industries

have made no secret of their extreme scepticism towards the

idea. They have set up a special organisation, Flexiliak, to put the case against a fixed link project to MPs and the public.

The industries are countering

the proponents of a link with two basic arguments. Firstly, a fixed link will have so much

capacity as to leave very little over for the sea routes. And secondly, if a fixed link proves

not to be viable, it could be sold on to another operator, or Government body, and operated

more cheaply to the detriment of the ferries.

UK stockbroking firm Phil-

lips and Drew wrote in a study

this May: "It seems difficult to justify the expense of a Channel tunnel, given the rela-tively small benefits that are

likely to arise as a result of its construction."

At Dover, investment is still going ahead as the port calculates that it will still need modern facilities for the rest of this century and that even if a link is built, it will be up to a decade until it is ready. Even then, there should be plenty of business to chase.

For not everyone wants to

travel under the sea, or send their goods on a stream of lorries through a tunnel. The total cross-Channel market in 1985 should be around 5m

freight and passenger vehicles, according to the British Ports Association (BPA). This is likely to double by the year

A BPA working party reck-oned that the capacities of the

three main fixed link projects would be: Euroroute (tunnel and bridge), 29m vehicles a year; Eurobridge, 88m; and Tunnel, 105m. Thus they would all operate well below capacity, based on the Arters teams.

based on the future traffic pro-jections.

"British ports are not afraid of free competition," said the BPA. "What they are afraid of is the probability that once con-structed, a fixed channel link

could not, politically, be allowed to fall commercially."

Subsidies could well come into

the picture later, either in the

The big ferry companies like Townsend, which bought the loss-making P & O Ferries' cross-Channel operation in January, and Sealink UK, part of

Bermuda-based Sea Containers since last year, are still con-templating big new ships for the Dover-Calais run. But the possibility of a tunnel has cer-

tainly given a flerce twist to their calculations.

UK or France.

ess to chase.

freight side.

in was first by value. It, too, is investing heavily in both new passenger and freight facili-ties, though it remains to be seen how much effect a possible fixed Channel link will have on its activities.

Despite last year's two dock strikes, a record 445m tonnes of freight were handled by of freight were handled by British ports, some 18m tonnes or 4 per cent more than the previous high in 1983. Foreign traffic was 27m tonnes (10 per cent) higher at 285m. The coal strike certainly had an impact; imports of petroleum products doubled, accounting for 14m tonnes of the increase.

Coal imports also doubled to 10m tonnes, but exports were

Coal imports also doubled to 10m tonnes, but exports were down by 5m. Largely because of the effects of the coal dispute on coastal shipping, total domestic traffic fell by 9m tonnes (5 per cent) to 160m. Container and ro-ro traffic, most of it to and from foreign ports, continued to rise, reaching 55m tonnes, around 4m tonnes (7 per cent) more than tonnes (7 per cent) more than in 1983. Half the trade by value was

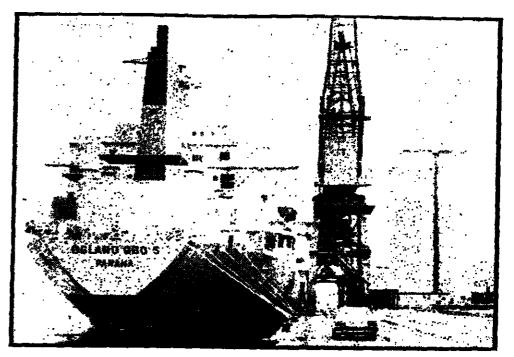
Half the trade by value was with EEC countries, and 45 per cent by weight. The other main trading areas for the UK were Scandinavia and the Baltic region, and North Arierica. Overall, Sullom Voe in the Shetlands, was the British port handling the largest tonnage (almost all in oil products) by virtue of its position at the edge of the North Sea. It handled 60m tonnes, a 5m rise. London followed with 48m, up by 1m.

followed with 48m, up by im.

Many UK ports reported a
more than usually quiet
summer this year. But the pre-Christmas build up should see them approaching full stretch

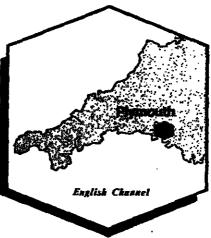
The disappearance of much of Britain's manufacturing base since the late 1970s has certainly affected ports' trading

Liverpool, for instance, does a thriving trade in scrap metal and machinery, a sad reflection of the decline in the size of in-TO MANY people, ports still mean passengers. They remember the grand UK maritime tradition, with huge liners, under the names of Cunard, P&O, Shaw Savill, and Union Castle, sailing to the far corners of Empire and other parts



A bulk carrier loading feed barley at Southampton for shipment to Bahrain

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port with the rest of the UK, avoiding the congestion around the Channel ports. With the sea-route to France and the Iberian peninsula bypassing crowded roads, fuel, time, and driver strain are

And, following the opening of the new £4m ro/ro terminal, the port's capacity will be dramatically expanded.

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BP ASSOCIATED BRITISH PORTS

IMMINGHAM and GRIMSBY Fixed link factor upsets calculations

Castle, sailing to the far cor-ners of Empire and other parts

Both Cunard, part of the Trafalgar House group, and Peninsular and Oriental Steam Navigation (P & O) operate szeable cruise fleets but most of their vessels operate beyond the UK, mainly in the Carib-bean and off the U.S. west coast to serve the large and affluent North American market.

revamped its passenger facili-ties to attract more cruise ships.

These days it is the ferry business which is at the heart of the UK passenger market.

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located on waterfront areas. A marina is planned and one of the basins, where until recently Naval warships used to be berthed, will be used for active water sports, such as dinghy sailing and wind surfing.

In other areas of this new community, office and high technology industry will be side by side in "campus" style surroundings. This means generous landscaping and no parking problems. Well located sites and attractive buildings built to company requirements will be a feature of Chatham Maritime.

Land is reserved for a variety of new homes - executive-style housing will take advantage of the fine views across the River Medway and around the marina, higher density homes will be supported by a neighbourhood centre encompassing shops, restaurants and chandlery. Located in Kent, the Garden of England, Chatham Maritime offers an unrivaled environment in which to live and work.

For further information contact: English Estates, Pembroke, Chatham, Kent, ME4 4UF. Telephone: 0634 815081/6.

A UNIQUE WATERSIDE DEVELOPMENT BY



force in January, productivity has risen and charges have been terms of weight among cargoes handled by UK ports last year, Stevedores to the Port of

Passengers ANDREW FISHER

ners of Empire and other parts of the globe.

But all that has gone, even though the big passenger liners finland's Sally Line) and such kept going until well after 1958 Sealink UK ports as Harwich, when a jet airliner flew across further up the east coast, are the Atlantic for the first time. also spending money to attract on their feet.

While its main business will still be bulk commodities—it handles Europe's biggest hulk carrier, British Steel, which brings in iron ore—the port is seeking new ro-ro and other business. Other UK ports are diso finding they have to be fast on their feet. vessels have been built solely for the holiday cruise market.
The QE2, launched in 1967, harks back to the days when people had to travel by sea. She now crosses the Atlantic more than 20 times a year to serve those wishing to make the journey in a more leisurely way than by air, but she also sails as a cruise vessel.

Southampton is still host to the big passenger vessels of those two companies which serve the European market. The QE2, Canberra and Sea Princess are all regular callers there. At Tilbury, in Essex, the Port of London has

of the UK passenger market.
Dover is the port handling the
bulk of the traffle to and from
the Continent, with Sealink UK,
Townsend Thoresen (part of
European Ferries) and Hoverspeed its main users.
The number of passengers
travelling to and from the UK
has been static in the past few

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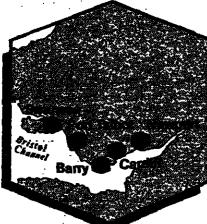
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for a £50m redevelopment scheme. For further information, send for the port brochures, by contacting: -

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Andrew Fisher looks at the performance of Britain's major ports

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Highway House, London End Beaconsfield, Telephone 44-49465646, telex 837042 addc g. Heavy spending

on expansion

Felixstowe

ONE OF the UK's fastest growing ports and its major container-handling terminal, Felixstowe is currently in the throes of a costly expansion programme. This year, it will break through the 500,000 con-

which would cost around fluon.

Felixstowe is host to a number of the world's major container shipping lines such as Evergreen and Yang Ming of Taiwan, United States Lines, and Sea-Land of the U.S. Lykes Lines, another U.S. company has just moved its SEABEE (sea barge carrier) service there from the port of London. Huge

barges, carrying containers or other cargoes, are stowed onto the mother ships.

The port, which last year made profits after tax of nearly £9m, employs 1,700 people. Its dockers are not in the national

dock labour scheme, which effectively guarantees those at many other ports a job for life, though many have taken advantage of severance terms.
With Southampton's dockers
back at work after the lengthy

dispute over cost and manning reductions, "there is another competitor in the ring," says break through the 500,000 container mark, having boosted its 1984 total from 476,000 to nearly 496,000.

nearly 496,000.

Owned by European Ferries, the Sugolk port is spending £47m on its new Trinity terminal, due to start operations next year. It also has a bill in Parliament seeking approval for a further major expansion, which would cost around £100m.

Felixstowe is host to a number of the world's major container service, the port is seeing far more business. Hence the expansion drive. Evergreen accounts for about 7 per cent of Felixstowe's activity.

Between 10 and 15 per cent of the port's business comes in the form of cargoes trans-shipped from bigger ships. "We should like to get more of that,"

says Mr Parker.

Improvements to road and rail links are under way or planted, which will put the port in a strong position to gain new customers. As well as Takes customers. As well as Lykes, both Hoegh-Ugland Auto Liners, with a roll-on roll-off service and NECOL (Near East Container Lines) have moved to Felixstowe.

MAJOR UK PORTS Shetland

Fixed link threat

Doyer

tinguith times saminal occoper to rass

If a Channel tunnel, bridge or combination of the two is built, Dover Harbour Board will be a major sufferer. Now the world's busiest ferry port, with some 14m passengers a year, it has nonetheless been spending heavily on new facilities and plans to invest up to £200m in the next 15

Mr Jonathan Sloggett, the port's managing director, is in the forefront of efforts by harbours and ferry companies to counter arguments in favour of a fixed link. He asserts that such a project is unnecessary, too costly and would have enough capacity to take the whole cross-Channel market.

But whatever happens to the big ferry companies' plum Dover-Calais route, he reckons Dover will still need to invest to attract new business and try to hold on to what it has. Last year, it opened a £9m coach passenger terminal. It is spending fl.5m this year on a new fast food and shop-ping area, flm on a freight ping area, sim on a rieignt drivers' complex, f6m on fur-ther land reclamation, and f5m on adding a floor to its passenger vehicle handling complex.

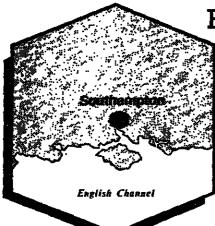
modernise rail freight facilihusiness has expanded with roll-on/roll-off traffic some per cent higher in the first eight months. But passenger, traffic has fallen off slightly by just under 1.5 per cent to 9.8m people.

Dover's management pro-iesses not to be worried about so small a passenger decline. There does seem to be a trend-among holidaymakers to go-increasingly for the so-called shoulder periods on either side of the peak July and August holiday months.

Pre-tax profits at Dover, the only one of the original Cinque ports still with a significant operation, rose last year from E6.6m to £7.2m. It employs just over 900 people. The port's main users, Sealink UK and its Conti-nental partners, Townsend Thoresen (part of European Ferries), and Hoverspeed, the hovercraft operator, all plan-investments in new craft.

Certainly, a fixed link will fundamentally after the position of Dover in the cross-Channel market. While some cargoes would be lost to a tunnel or bridge, others would remain. Not all of the 14m people who cross via Daver each year would reliab being in a tunnel for up to 26 miles. Nor would cargo shippers and forwarders want to put all their traffic onto lorries.

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Set to return to the black

Southampton

SOUTHAMPTON, part of Associated British Ports, has picked itself up again after the traumas of the prolonged labour dispute which stopped container handling between last October and this January.

One of the leading con-tiner ports in Britain, Southampton was also among the costlest. The management's drive to lower costs and staff, in both of which it has now succeeded, caused the dockers to refuse shift

working.

Because of the disruption as a result of the dispute—
other cargoes and the cruise ships were not affected—the port made an operating loss of £6m last year. But this year, with its efficiency up sharply and its workforce down from 2,400 to 1,400, Southampton is set to return Southampton is set to return to the black.

Its major customers have returned and the port has reduced charges to them by some 25 per cent. This puts Southampton on a par with Felixstowe. Both the Trio consortium of lines serving the Far East and the Southern Africa Europe Coutainer Service (SAECS) had to use other ports during the dispute. Southampton is not just a

container port, however. It also handles big cruise ships such as the QE2 and Can-berra, wine imports, grain and car shipments. Its natural advantages are considerable. The port has a maximum tidal flow of only two knots and a so-called "double tide" which gives over 17 hours of rising

Top UK container and ro-ro ports

(m tonnes)		
(III COLUCE)	1984	192
Felixstowe		
Dover		
London	3.97	4.0
Southampton	2.67	3.3
Grimsby/Immingham	3.09	27
	3.47	
Harwich		
Ipswich	2.35	2.2
Hali	2 23	1 8
Liverpool	7.00	Ly
Source: Departmen British Ports A	t of Ta	ede, tion,

and high water every 24

One result of the containerhandling dispute was the mothballing of the Mayflower terminal, a joint venture with the C.Y. Tung group of Hong Kong which was to have provided a £5m facility. But with its lower charges, esti-mated to save the Trio lines me £3.2m a year, it is in a better position to attract new business. Norasia is the latest new container customer.

Shipping is not the only big business at Southampton. ABP this summer announced a \$50m property venture on 50 acres of the port in part-nership with Rosebaugh. This will be one of Britain's largest urban renewai projects, pro-viding a waterside village with a marina for up to 600 boats, restaurants, shops, houses, studios and offices. There is one area in which

Southampton has not yet been successful. Its freeport, one of six in the country, has been stymied by a labour dis-pute, with dockers claiming that they should handle goods in the compound instead of

Whether or not that prob-lem is resolved. ABP is pleased with the way in which the potentially damaging conthe potentially damaging con-tainer disruption at the port was resolved. With fierce competition and a growing surplus of tounage on major routes, Mr Keith Stuart, chair-man of ABP, says companies are no longer prepared to pay a premium to use Southampton. "Owners are under great pressure on freight rates and cannot afford the luxury of paying too much."

Right role is found

Liverpool

LIVERPOOL IS a port that has had to come to terms with a radical drop in its business, as the emphasis in Britain's foreign trade has switched increasingly to the rest of Europe and hence to the south and east

Now, reckons Mr James Fitzpatrick, the chairman of Mersey Docks and Harbour Company, "it has settled to the size and role it can maintain."

This is proving to be a profit-able role, though last year saw earnings collapse as a result of the dock strikes.

In the past, Liverpool has not had the most enviable of labour records, but strikes have now become far less common and Mersey Docks' employees have venient south coast port. be totally new traffic, the port agreed a two-year pay deal. To add to its container traffic reckons its overall business Sixty years ago, when the -the biggest user is Atlantic should be boosted significantly.

much of its top management is

half this. Last year saw a slight rise to nearly 79,000 from 74,000 units and Mr Fitzpatrick hopes for a further rise this

end of March to the more con-

port contained nearly 40 shipping lines, local shipowners
controlled nearly half the
British merchant fleet, since
sharply diminished. Ocean is
the major line now left with
headquarters in the city, but
much of its ton management is

Container Line (ACL), of which
container Li

The port can handle more than 200,000 containers at its #50m Royal Seaforth terminal. but has been handling less than to fl.4m. It aims to stay in the flat of the flat in the profit in the second half. The port was not helped by the with-drawal of the Isle of Man Steam Packet service, leaving 24 dockers to add to its surplus

During Southampton's labour troubles, the ships of the Southern Africa Europe Container Service (SAECS) moved to Liverpool and the consor-into operation in Britain, handtium was happy with the ser- ling goods for more than 100 vice. But they returned at the companies and creating 40 jobs. Since freeport traffic tends to

Looking to break even

London

No longer centred on the capital city itself, the Port of London Authority (PLA) has undergone some fundamental changes in the past few years. Most of its operations take place some 15 miles down the River Thames from London at Tilbury in Essex. The last of the city's loss-making upriver docks were closed in 1981.

Since then, the PLA has been striving to make a profit, with the Government no longer pumping in money to stem losses. Last year, it moved back into the black, despite the major disruption caused by the summer's two dock strikes which frustrated its hopes of achieving a major

The PLA, which runs the

Tlibury container terminal as well as grain, other cargo, and cruise facilities, made a profit of £640,000 compared with a £1.46m loss in 1983, a year also affected by lengthy year asso anecred by lengthy labour problems. At the end of 1984, the PLA employed some 3,200 people (about half of them dockers), down 10 per cent on 1983. This compared with over 10,000 in the mid-1970s. the mid-1970s.

Tennage handled in the ronnage handled in the port last year rose by 1.7m tonnes to 42.2m, mostly because more containers were handled at Tilbury and there was more river traffic of oil and aggregates. This year, Mr. John Riesk eight evention. John Black, chief executive, expects container traffic to rise further from 325,000 TEU (20 ft equivalent units) to over 400,000.

He is hopeful that the new

SEVETADO encourage more than 300 urplus dockers to go, saving the PLA some £3.5m a year.

Cautions about this year's financial prospects, he says: "We want to break even." Interest payments eased last year, and costs were cut. But several million pounds are likely to come off revenues after a Government order flat-rates be cut 30 per cent-following protests by private-wharf operators.

The shift to Tilbury away The shift to Tilbury away from London itself took place in response to the UES; growing trade with the EEC and the container revolution of the 1960s and 1970s. With the opening of key sections of London's orbital motorway. Tilbury has direct access to the country's major industrial and population centres.

ro/ro facilities are served by regular liner sailings Moving fast and to Northern European and Scandianvian ports. King's Lynn has ample storage space and land suitable for development. thinking flexibly Both ports are well connected by road and rail to the Midlands and other industrial areas in Britain. For further information, send for the port brochures by contacting the Port Managers at: -King's Lynn, St. Ann's Fort, King's Lynn PE30 2EU. Tel: (0553) 772636 Telex: 81368

Teesside

Britain, making profits of some metal, and even water for the f7m a year and investing Middle East. Under Mr John steadily at a rate of £3-4m. On Tholen, chief executive, it is the face of it, therefore, Tees also looking at possibilities in and Hartlepool Port seems set containers on short-sea routes fair for a solid and prosperous to the rest of Europe.

future.

This August and September,
But like other UK ports, the port went through a slack as well as stiff competition at home and in Continental Europe.

just on the heavy cargoes such as steel, iron ore and chemicals, which helped boost it to its present size. Oil, too has diminished in importance.
Overall, cargoes handled have dropped from 38.8m to 32.3m journes since 1980, while pre-tax Jobs in the port have fallen profits jumped from £2m to £7.2m as costs were held down.

The reduction in British for the post seven years and there men he The reduction in British Steel output and the shutting of the nearby Rohm and Haas chemical plant had an impact on the port's business, while the closure of Shell's Teesport

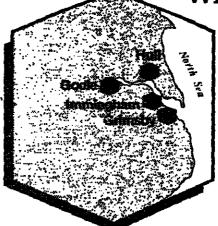
refinery—announced last year—is another blow. So the port has been striving to build up other, more profit IT IS the third largest port in and exports, timber, scrap Britain, making profits of some metal, and even water for the

Teesside complex is having to cargo patch — "a magnified move fast and think flexibly to summer dip." said Mr Tholen keep up with changing traffic but has been assured by patterns and levels of demand, customers that business will be back to normal levels. This year's profits will not beat those Europe. of 1984, "but should not be too No longer can the port rely far off."

For Teesside, "the real rock-bottom business will remain oil. petrochemicals, chemicals, and steel." But he added, "we are looking for any kind of fat we can put on that in the form of new business."

seven years, and there may be some further reductions. "We have to get more involved with customers' needs and use our ingenuity and cash to grasp opportunities when they occur.

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FT COMMERCIAL LAW REPORTS

Tax avoided by unplanned transaction

A PERSON who enters into two transactions which together result in his avoidance of tax liability will not be assessed to tax on the ground that they comprised one composite transaction with no purpose other than tax avoidance, if the second transaction was not pre-arranged when he entered into the first.

Mr Justice Warner so held when dismissing an appeal by the Commissioners of Inland Revenue from the Special Commissioners decision to discharge an assessment to development land tax made on Rowater Property Developments Ltd.

HIS LORDSHIP said that at the beginning of 1980 Bowater was owner of 23 acres of land in Kent known as Crofts Marsh.

A sale of Crofts Marsh to Milton Pipes Ltd., a company outside the Bowater Group, was under negotiation. A price of £202,500 had been agreed subject to a contract which would be conditional on planning permission.

On March 25 1980 Bowater contracted to sell Crofts Marsh

0000

tation on the Bowater side that it would go through.

On July 7, however, Milton Pipes wrote a letter from which it appeared to Bowater that the sake had failen through for good. During the ensuing months it remained Bowater's general policy to sell Crofts Marsh, but it had no other potential purchaser in mind and dad not actively seek one.

Early in February 1981, circumstances having changed partly from the planning point of view, Milton Pipes became interested again. Negotiations were re-opened, resulting in the sale of Crofts Marsh by the five companies to Milton Pipes for £259,750.

The Commissioners, in reliance on the principle in Romson [1982] AC 300 [that in deciding whether a series of transactions gave rise to tax liability the court would consider the scheme as a whole] assessed Bowater to development land tax on the footing that the second transaction should be treated for tax purposes as a disposal by Bowater.

beginning of 1980 Bowater was owner of 23 acres of land in Kent known as Crofts Marsh. A sale of Crofts Marsh. A sale of Crofts Marsh. A sale of Crofts Marsh. A price of 2202,500 had been agreed subject to a contract which would be conditional on planning permission. On March 25 1980 Bowater contracted to sell Crofts Marsh for £180,000 to five other companies in the group in common in equal shares. That first transaction that the group in common in equal shares. That first transaction that the group in common in equal shares. That first transaction that the utilizate transaction from development land tax under section 12 of the Development Lond Tax Act 1976. The sole object was to avoid the liability to tax which would fall on Bowater if the sale to Milton Pipes went through. At

"Given that a . . . transaction

"Given that a ... transaction is genuine the court cannot go be ind it ... that is a cardinal principle but it must not be overstated ... If it can be seen that a ... transaction was intended to have effect as part of ... a ... series of transactions ... there is nothing in the doctrine to prevent it being so regarded ... In such cases the Commissioners should find the facts and the decide ... whether what is in issue is a composite transaction or a number of independent transactions."

It was plain from the last sendand

ber of independent transactions."

It was plain from the last sentence in that passage that Lord Wilberforce envisaged that there would be cases where a series of transactions constituted not "a composite transaction" (to which the Ramsay principle would apply), but "a number of independent transactions" (to which it did not).

In Furniss v Dausson [1984] AC 474, 527 Lord Brightman said with regard to the limitations of the Ramsay principle: "First there must be a preordained series of transactions; or . . one single composite transaction. Secondly, there must be steps inserted which have no commercial (business) purpose apart from the avoidance of a liability to tax . . . The court must then look at the end result."

COMMISSIONERS OF INLAND

REVENUE & BOWATER
PROPERTY DEVELOPMENTS
LITD.

Chancery Division: Mr Justice
Warner: October 18 1985

A PERSON who enters into
two transactions which
the time there was a firm expectation on the Bowater side that
argued that the Romsny principle applied and the break in the negotiations between the group and Milton Pipes was into the property of the composite transaction."

That could not be right be group and Milton Pipes was into the property of the composite transaction. That composite transaction in the series, one might two functions on the Bowater side that argued that the Romsny principle applied and the break in the negotiations between the group and Milton Pipes was into the property of the composite transaction."

That could not be right be composite transaction in the series, one might true for four the series constituted a "single composite transaction."

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That could not be right be composite transaction in the series constituted a "single composite transaction."

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The composite transaction in the series, one might true function for the commissioners, transaction in the series constituted a "single composite transaction."

The could not be right to series constituted a "single composite transaction."

The could not be series constituted a "single composite transaction."

The could not be series to find the break in the negotiations between the property of the composite transaction."

The constitution on the Bowater side that argued that the Romsny principle applied and the break in the negotiations between the property of the composite transaction."

The constitution of the commissioners, transaction in the series constituted a "single composite transaction." composite transaction in that context meant one in which ell the steps had been pre-arranged

> In Crowen v White (May 25 1985) neither of Lord Brightman's requirements was satisfied, whereas in the present case it was undisputed that the second was. The court was however an entire agreement with the reasoning in that case that led Mr Justice Peter Gibson to hold that the first requirement ted ar Justice Peter Gisson to hold that the first requirement was not satisfied and that he should decline to extend the Ramsay principle to cover the case.

case.

Accordingly the appeal would be dismissed, for reasons differing from those of the Special Commissioners. The court did not share their view that if Milton Pipes had entered into the transaction first envisaged, the Romany principle would certainly have applied. Nor was the critical point the effect of the Milton Pipes letter of July 7 1980 on the minds and conduct of those acting for Bowater of those acting for Bowater

group.

The crucial fact was that it had not been pre-ordained or pre-arranged at the time of the first transaction that the second would follow.

For the Commissioners: Jules
Sher OC and Alan Moses (Soli-citor, Inland Revenue).

For Bowater: Andrew Park

QC and David Goy (C. W. S. Goodger). By Rachel Davies

Financial Futures and

Options Survey

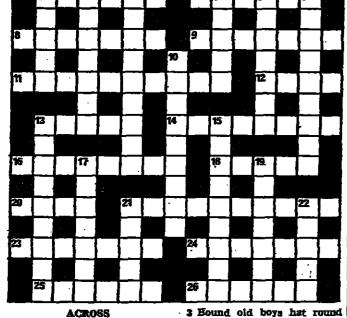
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the opening (9)

and 15 Upstage me—t claps due to me (5, 2, 7)

13 Leg scores-that defines it

19 Part of the reaction about a

its music the main aria (5)

Solution to Puzzle No. 5.852

MANGUAN VEROMA MANGUAN VEROMA MANGUAN BANGUAN MANGUAN
revent representation

exactly (9)

15 See 5

ACROSS 1 and 12 Do the same as someone else at the table? (6, 4)
4 Book as an afterthought on

one old railway (6) 6 Calls on, to get reference 8 Small child will often get small quantity (7)

9 When played could produce
music on strings (7)

11 A garnet lot could be a sort
of crystal system (10) 7 Is it a less important feature picking the team? (4, 5) 10 Freed, not having shoes on?

12 See I across
13 Guide one into the story line

14 It holds the light by the way 17 Play rep in a bad way. Go in (8) for it again (7) 16 Raiding with violence round capital of France is unbecoming (5, 3)
18 Damaged trees may be short

(5) 20 Go back in the arrey for an official vestment (4)

21 Investor couples art with excitement (10) 23 News? There's a scrap here 24 Materially at the end of the

book ? (?) 25 Station overhead (6) 26 There's 2 pc_tive charge on it—on port, perhaps (6)

1 "Smithy"? (Falsify signa-pure?) (5) 2 Upsets pear ill for party member (7) NOTICE OF REDEMPTION



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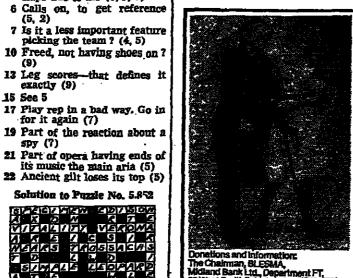
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London may trade in diamond futures

A LONDON diamond futures market could be operating by next summer, according to the London Commodity Exchange (LCE).

The exchange and members of the international diamond trade have decided to establish a formation committee "to steer the further development of the International Diamond Futures Association," the LCE announced yesterday.

The exchange and the diamond trade believe a futures contract would increased public confidence in diamonds as an investment by providing a standard market value refer-

Joint chairmen of the formation committee will be Mr David Anderson, the LCE's vice chairman, and Mr David Spitzer, an Antwerp diamond

 INDONESIA, the world's second biggest rubber exporter. says it is reviewing its partici-pation in the International Natural Rubber Oragnisation (INRO) buffer stock pro-gramme, reports Kieran Cooke, from Jakarta. The chairman of the Indonesian Rubber Pro-ducers Association, Mr Syamsir Rachman said that INRO had so far failed to stabilise world rubber prices and that funds indonesia allocates to the pro-gramme would be better used to develop rubber sales.

Mr Rachman said that because of prices that had sagged 20 per cent in the last year, Indonesia was unlikely to meet indepessa was timinely to meet its export target of 1.15m tonnes this year. In 1984 Indonesia exported 1.009m tonnes of rubber worth \$948m. In the first six months of this year it exported 492,369 tonnes.

Meanwhile Indonesia has stopped rubber exports to North Korea because of alleged defaults on payments. Mr Harry Tanugraha, the director of the Indonesian rubber pro-ducers association, said the North Koreans had not paid for 10,000 tonnes of natural rubber exported last year. The exports, worth \$9.64m, were delivered in three shipments from July last year and were the first Indonesian rubber

up 5p from last week. Medium The Arctic lead-zinc-silver grade tea was unchanged at producing Black Angel, 144p a kilo and low medium operated by Cominco's 62.5 per down 3p at 108p. There were cent-owned Vestgron Mines, is
30,083 packages on offer to be closed down from late its planned mine production for including 2,400 in the offshore November until the end of next 1988. This will mean a decrease

World nearing brink of trade war-FAO chief

modities on the one hand, and otoher, is bringing the world to 30 per cent, while to to the brink of a trade war. This jute after reaching exceptionally high levels in 1984, was the warning given in Rome thought high levels in 1984, have dropped "markedly" mounting protectionism on the was the warning given in Rome tionally his yesterday by Mr Edouard have drol Saouma, director-general of the since then. and Agricultural Organisation, Mr Saouma, who was address-

ing the FAO's committee on commodity problems, said that although world trade in agricultural fishery and forestry products improved in 1984 for the first time in three years,

A COMBINATION of severe decline in export prices for national markets is projected to falls in the prices of many commodities. Palm oil, contract further, rubber, soyabeans, and maize Protectionism. had registered price falls of 20

Saouma, is hampering much of commodity trade. world Developed countries using export aids to dispose of their surpluses, while imposing stricter limits on beef and sugar The free market sugar price, imports.

"It is not surprising," said at less than 3 cents a pound, Mr Saouma, "that some developwas the lowest level in real ing countries have raised doubts about trade as a reliable basis for their food security and economic progress, clearly much remains to be done to ing on their officially quoted

products improved in 1984 for the first time in three years, total agricultural export earnings would fall in 1985.

Not only was the volume of exports of products such as grains and sugar expected to fall, but there had been a sharp to be done to restore confidence in the international trading system."

The director general said that the present there should now be "real negotiations on trade liberalisation" in the Gatt committee on hard fibres the size of inter-

Reagan may veto Farm Bill

BY NANCY DUNNE IN WASHINGTON

PRESIDENT advisers are reported to have a letter to senate colleagues, he his veto pen ready for the warned that "by indiscrimin-current, very expensive version ately pouring forth massive subof the 1985 Farm Bill scheduled

sidies on the agriculture sector, for debate in the Senate this the Bill will contribute to its week.

The Bill exceeds the \$34.8bn decline."

terms this century. He said that many producers were discount-

The Bill exceeds the \$34.8bn decline."

Congressional budget target for fiscal 1986-88 by more than \$20bn, according to a set of emanding a reduction in the \$20bn, according to a set of grain and dairy subspicion sensitors are expected to offer "corrective amendments," but if these fail to pass, a veto is widely expected.

Sen. Jesse Helms, Republican chairman of the senate agriculture committee, is working along with the administration dairy supports at \$42bn, more to buy fewer farm imports."

The administration is price American farmers out of world markets and encourage foreign production, according to the USDA.

The administration is price American farmers out of world markets and encourage foreign production, according to the USDA.

"By 1990, wheat exports would fall 750m bushels, or 40 per cent," says the USDA.

"Processors and livestock pears, under the current legistation, would be \$54bn to \$60bn, for wheat in 1988-89 purchasing along with the administration dairy supports at \$42bn, more to buy fewer farm imports."

REAGAN'S to contain the measure's cost. In than \$7bn over the budget limit. The Administration is also opposing a Senate proposal to allow wheat farmers to vote next spring on mandatory acre-age controls, which would reduce domestic production and raise prices. The scheme would

Further zinc output cuts announced

BY KENNETH MARSTON, MINING EDITOR

retrenchments in the producing season industry. Canada's Cominco, exports to North Korea, he said.

Outly TEA prices at yesterday's weekly London auction averaged 165p a kilon to 5p from last week Medium

nuary.

THE CURRENT over-supply of zinc concentrates and lower world prices for the metal is being reflected in further retrenchments in the producing of the concentrates and solution of the concentrates and a halver the concentrates in the European market for the 1986 shipping the concentrates.

From Ireland, the Northgate Exploration group's Tara Mines, "mindful of the need to preserve current operations" at Navan, County Meath, Ireland, has decided to abandon plans to acquire Bula Mines, which owns the adjoining orebody, and to expand production.

As a result Tara has revised

:	WAREH (Changes dur	METAL EXCHANGE HOUSE STOCKS ing week ending last Friday) (tonnes)
	Aluminium Copper Lead	+1,875 to 202,300 -6,375 to 192,550 +2,225 to 40,550

	(tonnes)	Cash
Aluminium Copper Lead Nickel Tin Zinc	-6,375 to 192,550 +2,225 to 40,550 -948 to 6,042 +565 to 36,910 +175 to 32,050	Offic (-): ment Stand
	(ounces)	Cash
Silver	-1.644,000 to 53,304,000	6 mon

Riding the low fat bandwagon

LISTENING as usual to the BBC's early morning farming programme the other day I was startled to hear the presenter refer to finished cattle instead of fat cattle, the customary term. "Could it be," I thought, "that the Corporation has mounted the anti-fat bandwagon and that this change of name is a subtle attempt to melt the fat away by ignoring it?"

Personally, I remain far from convinced that animal fat, or any fat for that matter, is necessarily injurious to health. I once suffered, through dietary ignorance, from a form of scurvy—a very nasty disease, I cured myself by boiling cabbage and eating the residues and eating sour apples and other fruits.
When on board ship I even forced myself to drink unsweetened lime juice.

Then I read somewhere that the Eskimos never suffered scurvy although they lived in areas where no vegetation could exist. It appeared that their diet consisted entirely of over-fat seals and other creatures and they took no particular harm from eating a high per-

So instead of putting the fat to the side of my plate I began to eat and enjoy it. I must report that since that time I have enjoyed my food and never suffered the disease again.

I suspect, however, that if a person is convinced that a certain diet will kill him it prob-ably will. And as a farmer wishing to remain in business I have to accommodate the customer's wishes, however nonsen-sical I may think them.

It is important to note that the terms fat or finished refer to animals, sheep and cattle principally, which has reached maturity during the feeding process and are ready to be sold

Farmer's viewpoint: by John Cherrington



by these means what sort of a carcase will be produced. If he is a local butcher buying from a regularly supplying farm he will probably know how it will turn out. Alas such individuals are becoming scarce, those who buy in bulk for the supermarket outlets cannot possibly take the same care as an individual butcher buying for a special

the carcase. He will never be they can always withdraw their told how much fat or fiesh the stock. carcase has provided. It is up to

The only way to judge carcase conformation before of beef, include a great deal of slaughter is by eye and feel. An fat in and around the lean But experienced butcher will know meat does need a certain by these means what sort of a amount of fat both for tenderby these means what sort of a amount of fat both for tendercarcase on the New Zealand pattern. There are breeds which do produce the leaner carcases, nearly sold the production of a quickly meat does need a certain by these means what sort of a amount of fat both for tendermeat does need a certain amount of fat both for tenderness and for flavour. The best beef has a marbling of fat in

when his cattle come in the ring, he sees that a well rounded carcase with no hollows and bones showing denoting a certain degree of subcutaneous fat—is what sells best. There are facilities for About 70 per cent of all deadweight selling where the cattle and sheep for slaughter animals are graded on the are graded alive. The farmer book, but because of the who sells them has no interest, finality of this many farmers once the auctioneer's hammer prefer market grading. If they has fallen, in what happens to

carcase has provided. It is up to the butcher to present the carcase to the public and it is up to him to trim the meat so that excess fat is removed.

When buying the whole animal the butcher has had to pay the same price for fat and lean, so he is naturally going to trim as little as possible before

With sheep the farmer has to guard against excess fat because of the workings of the EEC's or go up to him to trim the meat so deficiency payment, which averages about 25 per cent of the guaranteed price is paid on the deadworld weight scale, at present those longer? With sheep the farmer has to

nnal sale, and most of the trad-in grade 5 do not qualify for the deficiency payment and after next January 6 those in grade 4 will not either. This could mean a heavy loss to a farmer whose lambs are too fat.
The effect of this stricter

grading, which began a couple of years ago, has been to persuade farmers to sell in the live markets where they believe grading is not so strict—it is certainly much less exact than deadweight grading. Stricter liveweight grading could be a means of forcing farmers to breed the type of sheep which the present market requires.

particularly in France and Hol-land, but when tried in Britain the fiesh.

All the farmer knows is that when his cattle come in the ring, he sees that a well differences in feeding regimes. they do not seem to be all that But it can be done. Haif a century ago the British pig was just as fat and unattractive to the consumer as beef is said to be today. Thanks to ruthlessly tight grading on a dead weight basis, however, the present British pig, whether for bacon or pork, is fully equal to the continental types in leanness and bacon quality is now as good as the Danes. But in this case pig breeders had no alternative than to follow the improved grading pattern or go under. If the same dis-cipline were applied to beef and

lamb the physical quality standards would probably improve. But I wonder, would the mest taste any better and

Weather drowns British hopes of pasta profits

TWO BAD harvests have severely shaken confidence in one of the few non-surplus crops available to UK farmers. writes a special corre-

Durum wheat, whose transincent grains are used to make pasta, originates in the Mediterranean, but over recent years careful cultiva-tion has made it an increas-ingly common sight on specialist arable farms in this

country. This year a record 27,000 acres of durum were harvested-enough, in theory, to make the UK self-sufficient.

But the weather was not on the farmers' side. The rain which caused sprouting in the bread-making wheat crop also badly affected the "spaghetti

wheat." Less than 20 per cent of production will be suitable for milling, and the millers will have to lower their standards even to accept that much.

For the grower this is disas-trous. Inseed of receiving £180 per tonne for his crop, he will get only the feed wheat price of around £100 per tonne. That represents the difference

between a handsome prout and a thumping loss. This year's quality prob-lems follow hard on the heels

of major yield losses last year when, for some as yet unex-plained reason, the ears of durum wheat failed to fill with grain properly. The result of these two bad

seasons is a mass exodus from the crop. Farmers are sticking with more convenional cereals, which may be in surplus, but are not so risky. Most of the seed for the 1986 durum wheat crop has now been sown and traders report

that sales are down by about 50 per cent.

The problems with the home-grown durum crop have been a disappointment not only to the farming industry. but also to Britain's small band of pasta makers. Rela-tively cheap home-grown duram wheat supplies should have strengthened the domestic industry in its fight against cheap imported wheat pro-ducts. In the event, the millers have had to continue to rely on costly imported wheat supplies from the Mediterranean and North America.

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LONDON

MARKETS

Exchange yesterday lead prices lost some of Friday's raily but remained above the 27-month lows reached last week. The cash price ended \$5 down at \$271.50 a tone with dealers reporting little reaction to a report that U.S. stocks has fallen by nearly 4,000 tonens last month. On the aluminium market sentiment was dampened by news of a rise in daily average pro-duction during September in the non-socialist world.

ON THE London Metal

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial + or close(p.m.) - £ per tonne	Hightow	METALS	Oct. 2 198
ih nonths	675,5-7.5 -1 697,5-8 -1	699,5,698	Aluminium Free Mkt	£2 200
-); thre at 697	closing (am): ca e months 6975 (- / (). Final ke urnover: 12,775 to); settle- erb close:	Copper Cash h Grade 3 mths Gold Troy oz	C971. 2988. 3525.
OPF	PER		3 mths Nickel Free Mkt	

001120						
Higher grade	Unoffic's	+or	High/low			
Cash 3 months	971-2 988-9		9775:976 995:9885			
Official cli (); three m ment 977.5 989-89.5.	oonths 89	3.5-4 (-	-9i <i>71</i> 82 ;{			

Official closing (sm): Cash 957-62 (-): three months 979-81 (-): settle-ment 962 (-). Turnover: 25,075 tonnes. U.S. producer prices 66/70 cams

ı				
		Unofficia close(p.m. £ per t) —	High/low
1	Cash ŏ months	271-9 276-5	i—5 i—3,6	271.5/271. 279.5/27
	(); the settlemen 277-8. To	closing (ree months t 271.5 () urnover: 6, 20 cents po	s 2,765.). Final b 025 ton	5-7 () arb close

NICKEL

Į		Par 2	touse	ELIBIN ICAM	
	Cash 5 months	2905 10 2950-5	7.5 \5	2890/2895 2870/2850	
1 :	(—); thi settlement	ee monti	2,930). Final	kerb clase:	
ľ	TIN				
ŀ	nyn grad	ejUnoffici:	n.; — d	High/low	

Hyn grade	Unofficial closetp.m £ per	.;· —	High/low for day
Cash 3 mouths	8525-30 8457-8	-30 -45	8467(8458
Official (—): three ment 8,570	months &	m): ca ,480-5 (-	sh 856-70 -); settle-
Standard	[1 1	
Cash 6 months	8525-30 8456-5	-80 -47	8570/8570 8485/8450
(); three ment, 8,57 8,485-60, 7	months 8	,478-7 (- Figal ke 765 tema	h 8,565-70 -): settle- erb close: est. Struits

21140			
High grade	Unoffici close (p.r £ per	1) — 1) — 10) —	High/low
Cash 5 months	447-8 454-,5	;+1 ;+1	455/451
(); three ment 447	s months (—). Fina 7,775 to	4535 (- i kerb cl ਆਪਵਤ ਪ	:ash 446-7 -); settle- ose: 450-1. J.S. Prime lb.

Gold fell \$1 to \$1251-326 on the London buillion market yesterday. It opened at \$3274-3281. The highest level of the day, end was fixed at \$325.50 in the storring and \$126.15 in the attempon. The metal touched a low of \$3241-3251. In quiet trading.

GOLD BULLION (fine ounce) Oct. 21 Close \$385\q.386 (2286\dag{2.27\dag{1}\q}) Opening \$387\dag{4.328\dag{2.228\dag{2.227\dag{4}\q}}} M'ni'g fix. \$386.0 (2227,494) Aft'n'n fix \$326.15 (2227,134) GOLD AND PLATINEM COINS

Krig-rnd 33891s 350 1s Krug. \$17284-17314 14 Krug. \$58-861s 1:10 Krug. \$58-861s 1:10 Krug. \$58-561s Maphelest \$3851g-356 New Sov. \$7814-781s 19New Sov \$4614-4714 Old Sov. \$80-811s \$20 Eagle \$460-500 Noble Plat \$3534-357	(£2394, 250) (£1301 ₂ .1304, £611 ₄ .614 ₁ (£25.251 ₂) (£541 ₂ -55, (£541 ₂ -55, (£551 ₂ -561 ₄) (£551 ₂ -561 ₄) (£232.254 ₂ ,
SILVER	95o es ounc

lower	for apo	t delive	ary on	the	Londe
bullion	merk	et yes quivaler	terday	at	429.8
levely	Ware:	spot t	516.35c;	up.	0.85
three-P manth	nonth 640.55	628.05c c, up 1.	, up SSe: ar	0.950 1d 12	:; 3i -mon
686.350	. up ().05c.	The m	gtal (open
427-430	1.432P 3p (613	(617-62) 1-616c).	C) and	3 640	986
			~		<u> </u>

per trey	Fixing Price	_	p.m. Unoffic	게 _
Spot	455,30p	-1.55	_	p -5
10.000 pz.	anths high	440.		

COCOA

After a marginally lower opening futures dipped sharply during the atternoon session and closed on a weak note at the lows. Physicals were neglected by producers and consumers alike although some scaledown price firing was apparent, reports Gill and Duffus.

COCOA	Close	+ 05	Busine Done
GUCUA	£ per tonne	<u> </u>	30119
March May July Sept Dec	1694 1672 1728 1729 1757 1758 1778 1783 1797 1799 1794 1795 1800 1810	23.0 24.5 24.5 19.6	1750-17 1778-171 1798-171

Sales: 3,489 (1,809) lors of 10-tonnes. ICCO indicator prices (U.S. canta per bound). Daily price for October 21: 106.19 (106.96); five-day sverage for October 22: 106.15 (106.29).

THE PERSON STATES OF THE PARTY OF THE

INDICES

rinancial Times Saturday Octobel 19 1800

A STRENGTHENING dollar

NEW YORK

MAIN PRICE CHANGES In tonnes unless otherwise stated. 21 +or Month 35 — Ago



FINANCIAL TIMES

Oct. 18,0ct. 17 M'th ago Year ago

246,71 247.68 252,71 294.78

(Bass: July 1 1952=100)

Out 21 Oct 18 Mith ago Year ago

1702,4 1701.7 1787.7 1890.3

(Base: September 18 1931 = 100)

Dow Oct. Oct. Month Year Jones 18 17 ago ago

Spot 115.85 116.07 - 124.18 Fut. 119.41 118.25 - 126.05

(Base: December 31 1931 = 100)

DOW JONES

Barley Fut, Jan. (£109.20:-0.29.£105.75 Malze (£185.50: £131.60 Wheat Fut, Jan. (£108.50: £205.15 No. 2 Hard Wint. ; \$ OTHERS OTHERS
Cocke Ft. Mar. | £1728.5 - 28 | £1781.5 |
Coffee Ft. Jan. | £1696 - 13 | £1596 |
Cotton A Index | 48.56e | -0.06.32.90c |
Gas Qil Deo. | \$254.25 - 0.5 | £247.5 |
Rubber (Rid) | 589 | 589 |
Wooltops 64s | 4140 tillo - 1 | £28 pklo

COFFEE

W	buying sup £1,700 for Burnham although U buyers do market wa in the face sura on ne	January. Lambert. J.S. operations the sunable of continuous	e thari repor Notes et etter to rali wed se	ket below ts Drexel twertheless nerged as noon the y strongly
	COFFEE	Yesterdy's Close	+ or	Business Done
DW.	Hoyan	 1655-1657 1695-1637	-14,5 -13,0	1872-1658 1772-1691

Sales: 2.696 (3.398) lors of 5 tomes. ICD indicator prices (U.S. cents per pound) for October 19: Comp delly 1978 124.61 (124.19); 15-day average 121.35 (121.02).

FREIGHT FUTURES

With no fresh naws on the physical merket, Bittax unded in quiet conditions. The fractionally higher morning levels were eroded late in the attempon. The majority of activity was concentrated in the long October position, reports Carkson Wolff. The Bettic Freight ladex was 857, up 1.5.

Oct. 905/910 980/983 914/915 Jan. 994/925 985 822.5/920 April 980/984 985/990 Oct. 936/942 940/936 935/950 Jan. 960/1889 — 960/1889 April 1928/1070 — 1080/1889 July 900/945 — 590/945

GRAINS

The markets remained very dull with lack of new features and quiet physical trade causing values to drift. Mixed shipper and merchant profit-taking was noted at lower levels, reports Multipace.

BARLEY Business done—Wheat: Nov 105.70-5.50, Jan 108.60-8.40, Mer 111.50-1.45, May 114.45 only, July and Sept unraded. Sales: 92 lots of 100 tonnas. Barley: Nov 106.35-6.00, Jan 108.20-9.05, Mar 112.05-1.95, May 114.35-4.30, Sept untraded. Sales: 58 lots of 100 tonnas.

LONDON GRAINS—Wheat U.S. dark northern spring No 1 15 per cent Dec 131.75, Jan 134, Feb 138.75 transhloment 85% const. U.S. No 2 soft red winter Nov 112. Dec 115, Jan 116, Feb 117 sellers. EC French Nov 124.50. English feed fob Nov 108.00-108.50. Dec 110.00-110.75, Jan/Mar 112.50-113.50 buyers/sellers, Apr/Jun 117.25 seller. Maizz: U.S. No 3 yellow/French transhipment east coast Nov 135.50 seller. Rarley: English feed fob sept 107. Oct 107.75 Scottish. Nov 110 English/Scottish. Dec 112 English, Jan/Mar 114.50-115.00 buyer/seller, Apr/Jun 119.50 seller. Rest unquoted. HGCA—Locational ex-farm spot prices. Feed berley: Eastarn 102.50. 8 Mids 103.50. N East 104.70, Scottand 100.50. The UK mornstary coefficient for the week beginning Mondsy October 28 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

Fresh buying and some light short-covering pushed prices up on the close in light volume, reports CCST Commodities. 118.5-117.8 187.50 182.50

Sales: 38 (72) (gts of 50 carceses, 3.250 kg. MEAT COMMISSION—Average fetwich commission—Average fat-stack prices at representative markets. GB—Cattle S5.04p per kg lw (+1.11). GB—Sheep 163.54p per kg est dow (+8.30). GB—Pigs 82.22p per kg lw (+0.82).

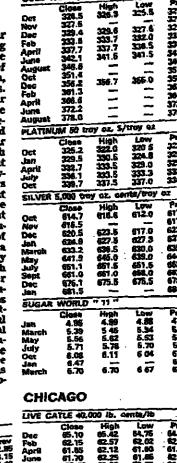
COTTON

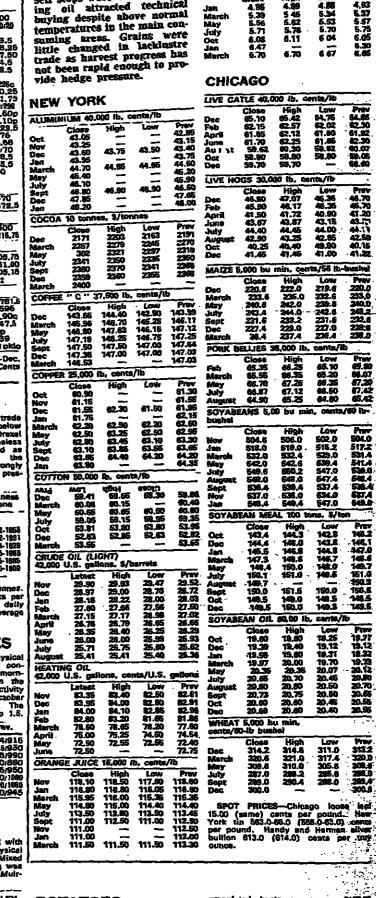
and the second s

EIVERPOOL — Spot and shipment sales totalled 712 tonnes for the week ending October 18 1985 compens with 440 tonnes in the previous week. Moderate purchases involved West Alrican, Colombian, American and Peruvian qualities.

U.S. MARKETS

prompted liquidation of 'I ng gold positions which were established in anticipation of a flare-up in South Africa, reports Heinold Commodities. reports rigidid Commodities.
Silver weakened on deliar
movements despite a large
drawdown in London warehouse stocks. Copper traded
on movements in the deliar on movements in the dollar and also recated to poor cash demand at the U.S. mint tender. Sugar attracted buying near the bottom of its recent trading range but trading was thin. Coffee attracted technical selling but tracepared support on conattracted technical selling but uncovered support on coucern over drought damage of the Brazilian crop. Cocoa weakened initially on early weakened initially on early weakened in the dollar with producer price-fixing further eroding values. Cotton's technical sell-off was extended as sell stops were elected. Heating oil attracted technical buying despite above normal buying despite above normal temperatures in the main con-suming areas. Grains were little changed in lacklustre trade as harvest progress has not been rapid enough to pro-vide hedge pressure.





Values fall E1.50, basis April, on the opening in thin volume. A PMB announcement middey, stating that early indications suggested that if there was a maincrop surplus it would be well within the board's buying limit of 500,000 tonnes, led to £1.50 April sell-off as earlier indications had been of a much smaller surplus than this, reports Coley and Herper. Yesterday's Previous Business close close Done

RUBBER

POTATOES

28.90 28.97 28.18 27.60 27.15 28.35 28.35 28.30 25.71 25.41

PHYSICALS — The London market opened unchanged, drifted lower throughout the day and closed quiet and easier, reports Lowis and Past. Closing prices (buyers): spot 58.00p; (sama): November 56.75p (56.00p); December 56.00p (56.25p). The Kusia Lumpur fob price for RSS No 1 was 184.0 (185.0) cents a kg and for SMR 20 was 173.0 (same). SOYABEAN MEAL

The market opened almost unchanged in very dull trade, reports T. G. Roddick. Prices firmed on buying interest from the commission houses.

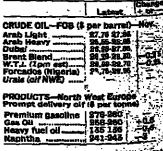
127.0-127.5 — 0.25 124.5-125.0 — 0.80 124.5-125.0 — 0.10 125.0-128.0 — 0.50, Sales: 310 (603) lots of 20 tonnes.

SUGAR LONDON DAILY PRICE—Raw sugar \$125.00 (287.00), down \$1.50 (down £2.00) a tonne for October-November dalivery. White sugar \$164.50, down No. 6 Yest'day's Previous Business Con-close close done

a per tonne 124,0 185.0° 134,9-135.4° 135,0-134,0 145,8-145.8° 148,0-148,4° 144,9-142,6 147,4-147,8° 148,4-148,8° 148,4-148,8 151,2-135,8° 182,4-136,8° 158,2-136,2° 158,8-159,8° 138,2-156,5° 158,4-189,2 Sales: 953 (2.083) lots of 50 tonnes. Tate & Lyla delivery price for

up at 1 pm EDT. In the neighbors products market gas oil gasoline see heavy fuel were quiet. Neighbors weakened slightly on continuing fee of end-user demand with some study on forward positions. Perroland Argus, London.

SPOT PRICES



CURRENCIES, MONEY and CAPITAL MARKETS

Financial Times Tuesday October 22 1985 FOREIGN EXCHANGES **FUTURES AND** Dollar opens weak but recovers The dollar opened, weak in Europe yesterday, reflecting its all in New York on Friday, but some process of the control of th Dollar opens weak but recovers **OPTIONS** cate. closing at 101.96 to yield 5.686 per cent. compared with L102.02 and a yield of 5.692 pre-viously. Liffe and the Chicago Board of Trade plan to intro-duce next year a yen bond futures contract fungible Morgan Guaranty changes: everage 1980-1982=100. Bank of England Index (bese average 1975-100). DOLLAR SPOT-FORWARD AGAINST DOLLAR **CURRENCY RATES** between the two centres. 484 8.780 309.3 11.53 3.105 4.268 9551 1.957 76.80 1. 2.637 215.7 8.040 2.165 2.976 1779 1.365 63.40 March 0.3845 — June 0.3879 — Estimated volume 25 (36) 0.697 - 0.3848 - 0.3880 0.265 0.379 1. 81.81 3.050 0.821 1.129 674.9 0.518 20.26 3.234 4.637 18.22 1000. 37.29 10.04 13.80 8249. 6.328 247.7 DM 1,244 3,278 258,2 10, 2,695 3,701 2213 1,697 65,44 0,462 1,217 99,60 3,713 1, 1,574 821,6 0,630 24,67 0.234 0.335 0.886 72.47 2.702 0.786 1. 597.8 0.469 17.96 0.392 0.562 1:482 121.8 4.520 1.217: 1.673 1000. 0.767 30.03 *STERLING INDEX Oct 21 Previous C S 0.511; 0.783 1.982 158.0 5.892 1.587; 2.181 1304; 1. 89.14 B Fr. 1.305 1.872 4.935, 403.7 15.03; 4.054; 5.671 5380; 2.555; 100, 80.3 80.5 80.5 80.5 80.5 9.00 am 16.00 am Yea per 1,000: French Fr per 10: Line per 1,000: Beig Fr per 100. 11.00 am 11.00 am 1.00 pm 2.00 pm 3.00 pm 4.00 pm 80.5 80.6 80.7 80.6 81.0 **EURO-CURRENCY INTEREST RATES** 81.0 11 12 - 11 6 8 6 8 6 8 6 8 6 6 6 8 6 4 12 - 4 5 4 12 - 4 5 9 14 9 14 18 - 15 6 113g-141g 848-87g 85g-87g 57g-6 41g-45g 43g-47g 104g-104g 186g-153g EMS EUROPEAN CURRENCY UNIT RATES ±1.9425 ±1.8421 ±1.1456 ±1.3654 ±1.5162 ±1.6673 ±4.0856 Belgien Franc ... Danish Krons ... German D-mark French Franc ... Dutch Guilder... Irish Punt Italian lita 9-94 9-9-4 94-9-4 81₂₋88 876-914 876-916 614-616 914-934 813-818 914-916 936-954 614-64 934-1014 8-818 856-878 856-876 6-1-6-3 914-914 8-816 B.Fr.(Fin). Br.Fr (Con Long-term Eurodollars: two years 94-9 cent; four years 10-10% per cent; five years term rates are cell for U.S. dollars and Japa Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times. **MONEY MARKETS** London rates hold steady the prevailing mid-market rate at UK clearing banks base lending rate 111 per cent

-	بمارين والمالات ما السال بيست		
	LONDON	U.S. TREASURY BONDS 8% \$700,000 32nds of 100%	
	20-YEAR 12% NOTIONAL GILT E50,000 32nds of 100%	Dec 76-23 76-24 76-18 7	
	Close High Low Prev Dec 113-31 114-08 113-30 114-03 March 114-01 — 114-05	Estimated volume 1,336 (2,828) Previous day's open let 3,078 (2,838	11 (20.13)
	June	CHICAGO U.S. TREASURY BONDS (CBT)	_
L	Estimated volume (1,919) 5,496 Pravious day's open int 4,648 (4,416)	8% \$100,000 32nds of 100%	
,	Basis quota (clean cash price of 13½% Tressury 2004-08 less equivalent price of near futures contract) —6 to +4	Dec 76-21 76-24 76-78 71 March 75-13 76-15 75-09 71	22 23 08
-	(32nds) 10% NOTIONAL SHORT GILT £100,000 64ths of 100%	Sept 73-06 73-09 73-05 73 Dec 72-10 72-11 72-08 73	10
	Close High Low Prev Dec 98-23 96-28 98-23 98-26	June — 70-21 70-29 70 Sept — — —	27
1	March 98-33 — 98-36 Estimated volume 385 (1,247) Previous day's open int 1,682 (1,347)		25
	THREE-MONTH STERLING 6500,000 points of 100%	\$1m points of 100%	
•	Close High Low Prev Dec 88-87 88.91 88.97 88.95	March 92.61 92.61 92.60 92 June 92.26 92.26 92.25 92	
!	March 89.32 89.40 89.32 89.36 June 89.55 89.59 89.54 89.55 Sept 89.30 89.48 89.48 89.47	Sept 91.94 91.94 91.93 91 Dec 91.58 91.66 91	
i	Dec. 89.28 89.27 89.27 89.27 Estimated volume 961 (4.496) Previous day's open int 7,793 (7,595)	June 91.13 91.13 — 91 Sept 90.69 90.89 — 90	2 2
	FT-SE 100 INDEX £25 per full Index point	CERT. DEPOSIT (IMM) 51m points of 100% Latest High Low P	
	Close High Low Prev Dec 135.00 135.15 134.40 134.90 March 135.95 136.00 126.00 135.90	Dec 92.08 92.13 \$2.08 92 March 91.77 91.77 91.77 91	12 80 42
•	Estimated volume 197 (390) Previous day's open int 1,439 (1,376)	Sept 91 THREE-MONTH EURODOLLAR (IMM)	OS Send this advertisement attac
ļ	THREE-MONTH EURODOLLAR Sim points of 100% Close High Low Prev		Promot
	Dec 91.78 91.80 91.76 91.83 March 91.47 91.49 91.45 91.50	March 91.47 91.48 91.44 91 June 97.12 91.12 91.09 91	Manhatts
	Sept 90.79 90.83 90.78 90.83 Dec 90.48 — 90.52	Sept 90.76 90.78 90.76 90 Dec 90.46 90.45 90.43 90 March 90.16 90.17 90.15 90	46 STEWARD ST., BIRMINGHAM,
	Estimated volume 3,088 (4,641) Previous day's open let 21,456 (21,684)	June 89.88 89.88 89.65 89 Sept 89.62 89.62 89.62 89	62 U.S.A. Address: Mathettan-Windo
	LIFFE EURODOLLAR OPTIONS 51m points of 100%		- Art Galleries
	Strike Calls—Last price Dec March June 90.00 1.78 1.52 1.33	Puts-Last Vol Dec March Juse Vo - 9.00 0.05 0.21 -	
•	90.50 1.28 1.08 0.38 91.00 0.81 0.89 0.86 91.50 0.40 0.39 0.40	- 0.00 0.11 0.34 - 0.03 0.22 0.53 -	AGNEW GALLERY, 43 Old Bond St., W 639 6176 THE MARQUESS CNOLMONDELEY'S COLLECTION O MILITARY PICTURES, DRAWINGS AN PRINTS. Uptn 1 Nov. MonFri 9.3 5.30: There uprn 6.30.
:	92.00 0.13 0.18 0.22 92.50 0.02 0.07 —	- 0.12 0.42 0.78 6 0.35 0.71 1.10 - 0.74 1.10	PRINTS. Until 1 Nov. MonFri 9.3 5.30; Thers yerif 6.30. BROWSE & BARBY. 19. Cork Spec London W1. 01-734 7984. CHRISTOPHE
	93.00 U.00 — — — Previous day's open int, Calis 2,415, Puts	1.22 <i></i> 2,807	1 2) EIN. MOW PHINNINGS,
:	LIFFE £/\$ OPTIONS £25,000 (cents per £1)		RICHARD GREEN, 4, New Bond Street Wit 01-493 3939. BRITISH MAR TIME PAINTINGS. Daily 10-5. Set 9.30-12.00. Opens October 22nd.
	1.20 23.37 23.37 23.37	Puts—Last Vol Dec March June Vo 0.00 0.37 1,13	· E
	1.25 18.37 18.37 18.37 1 1.30 13.37 13.39 14.22 1 1.35 8.37 9.82 11.00	— 0.02 0.86 2.32 — — 0.17 1.74 3.32 — 10 0.71 3.17 5.10 256	CLASSIFIED RATES
	1.40 4.73 6.88 8.29 1 1.45 - 2.26 4.59 6.09 1	55 2.06 5.23 7.39 390 60 4.60 7.94 10.19 65 10 6.23 11.27 12.46	Single Per colum
	1.55 0.28 1.77 3.04 Previous day's open int, Calls 9,297, Puts	— 12.63 15.12 17.14 —	fine cm (min (min
	LONDON SE E/S OPTIONS £12,500 (cents per £1)		3 lines) S cms E Commercial & Industrial Property 10.50 35.50
	Strike Calis—Last price Dec March June \	Puts—Last Vol Dec March June Vo	Residential Property 8.00 27.00 Appointments 11.00 37.00
	1,20 23,80 23,80 24,00 - 1,25 18,80 18,90 19,00 - 1,30 13,80 14,00 14,90	0.15 0.55 1.10 0.15 1.00 2.00 5 0.35 1.70 3.10	Business, Investment Opportunities 10.50 35.50 Business for Sale/
		— 0.90 3.00 4.90 60 10 2.30 5.00 6.90 28 39 4.70 7.90 9.70 —	Wanted 10.50 35.50 Personal 8.00 27.00 Motor Cers 8.00 27.00
ı		38 8.20 11,00 1 <u>2.50</u> 5	Hotels & Travel 8.00 27.00 Contracts Tanders 10.50 35.50 Book Publishers — net 17.50
	PHILADEPHIA SE E/S OPTIONS £12,500 (cents per £1)		Premium positions available 27.00 per single column cm extra
•	Strike Cells-Lest price Dec Merch June V	Puts—Last /ol Dec March June Vol	For further details write to: Classified Advertisement
	1.20 — — — — — — — — — — — — — — — — — — —	B	Manager
	1.35 8.80 20 1.40 4.90 6.70 1.45 2.30 4.80 3 1.56 1.00 9	- 2.00 4.70 - 151 12 - 151	Financial Times 10, Cannon Street, ECAP 4BY
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	The state of the s	e se trade ir is	
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E WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 21, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (g) selling rate; (c) controlled rate; (u) unified rate.

Holidays & Travel

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Clubs

COUNTRY	CURRENCY	VALUE OF & STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF & STERLING
Afghanistan	Afghani	99.00	Greenland	Danish Konner	13,7050	Peru,	Sol	exe(A)20,624,8
Albania	. Lek	10,25	Grenada	E. Caribbean S	3.87	! Philippines	Bhillmaine Bees	26,00
Algeria	French Erano	(A)5.99 11.53	Grenada Guadaloupe	Local Franc	3,87 11,58	Pitosim Islands	}£ Starling	
Andorra	French Franc Spanish Paseta	230.625	Guam	U.S. 8	1.4840	1	(New Zealand \$	2.4625
4000la	. Kwanza.	48.3045	Gustemala	RVI	1.4340 35,55	Poland	Zioty	212.78
Antigua Argentina	. E. Caribbean 5	3,87	Guinea Bisseu	Peso	211,11	1	_	
		1.1497	Guyana	Guyanese \$	6.03	Portugal, Puerto Rico	Portuguese Escudo	233.0
Australia	Australian \$	2,0385		A		Puer to Riodenia	U.S. >	1.4340
AUSTIE,	. Scalling Brothspine Feetide	26,575 235.0	Honduras	Lemples	7.17 2.89	Qatar	Ostari Rval	5.2325
Bahamas	Ba. Dollar	1,4340	Haiti, Honduras Hong Kong	H.K. S	11,1800	· P		
Bahrain	. Schilling - Portuga'se Escudo . Ba.: Dollar . Dinar . Dinar	0.5420	1			Reunion leignd	French Franc	11.53
		250.625 49.20	Hungary	Forint	68.9200	Romania	3 811	((Cm) 5.82 (N/C) 16.26
Bangladesh Barbados	Reviseries S	48.20	loeland	1. Krons	59,7945			
		I (em) 76.60	Iceland India	Ind. Rusee	27.10	Rwanda	Rwanda Franc	136,50
Belgium	· B. Franc	1(fn) 77.15	indonesia	Ruplah	1,607,83	St. Christopher		
80 ZO	· B & _	2,87 576,50	Inthermore and the second	Riej	125,10(sg)			3.87 1.0
senin	C.F.A. Franc	1,4340	iragirish Republicisreai Italy	itadi Dillar	0.4445 1.2205			8.87 11.53
3hutan	Nouttrum	17.10	isreal	Sheket	2.122.0			11.55
Bollyla	Religion Rese	(p) 107,475.0	Italy	Lira	2,122.0 2,551.0	St. Vincent	E Caribbean	3.87
DOILANT ************************************	BOING PERC	2,96	Ivory Coast	C.F.A. Franc	575.50	San Marino	italian i ire	1,4340 2,551,0
Botswana	. Puis Coursirett	11,856,6	Jamaica Japan	iamaica Dollar	8.88(sg) 309.25	Sac Tome & Prin	Dobra	61.14
Reit. Viroin Idea	Li.S. S	1.4340	Japan	Yen	309.25			· -
			antaks menterenter	solgenieu dust.	0.5480	Saudi Arabia	Saudi Ryal	5,2353 576,50
Branei	. Strivel \$	3,06001	Kampuchea	Riel	N/A			9.82
Bulgaria	C.F.A. France	1,4258 676,50	Kenya Kiribati Korea (Nth) Korea (Sth)	Kenya Shilling	23.70 2,0385	i Siecra Leona	1	(0) 7.60
lurma	Kyat	11.0000	Kiribati	Australian \$	2,0385	O(1)	aingapore s	3.0600
Surundi	Burandi Franc	30,58£	Korea (Sth)	Won	1,35 1,254,42	Someli Papublic	Solomon is, #	2,2314 59,45
	OFA Forms	576.50	Kuwait	Kuwaiti Dinar	0,4230	I SOULIT ATTICLE	Kand	5.7220
	Canadian \$	1.9569	ł.					230,625
anary blands	Spanish Paseta	230,625	Laos	New Kip	50,16 25,26	Spanish ports in North Africa Sri Lanka Sudan Republic		
ape Verde is	Caps V. Escudo	187.92	Lebanon	Mainti	5.7220	Rei Lanks	Peseca.	250,625 39.15
ayındın mündə	C.F.A. France	1,1965 576,50	1 Liberta	Liberian £	1,4540 0,4245	Sudan Republic	Suden £	3 68
had	Canadian 8 Spanish Paseta Cape V. Escudo Gay, ts 6 C.F.A. Franc C.F.A. Franc Childan Poso Republican	576.50	Libya	Libyan Dinar	0.4245	Surinam	S. Gulider	2.56
hjle	Chilean Peso	257,50	Luxembourg	SWISS FIRMS	3.1050 76,60	Swaziland	Lilangeni	3.7220
MM8 m	Renminbi Yuan	4,3675		-un ridife	70,00	Switzerland	S. Arona Bules Franc	11.87 3.1050
olombia	C.F.A. France	(F)228,21 676,50	Macaci	Satura	11,62	Syria	Brates A	((A) (T) 9.0
ongo (Brazaville).	C.F.A. Franc	576,50	Madeira	Portugese Escurio	233.0	ı	•	(A) (T) 9.0 (CM) 5.26
			Macaci,	MG Franc	770,5	Talwan	New Taiwen \$	57,46
osta Rica Uba	Cubun Pero	(U) 74.80	Malaysia	Kwacha	2,4250	Tanzania	Tan. Shiifing	23.70 58.00
yp/U9	Cyprus 4 .	1,3548 0,7960		ura 1818 i C	3.5175	Thailand	DENT C.E.A. Eropo	\$8.00 576.50
		((pom) 9.25	Makiwa Islanda Mali Republic Malita Martinique	Rutivae	10.10	Togo republic	Palanga	2,0385
zechoslovakia	Konina .	nte 16,10 1 18,66	Mali Republic	C.F.A. Franc	576,50	Trinided	Trinidad & Tob 8	3.45
enmark	Denish Kroner	13,7050	Martinizue	Maitese Lira	0,6180 11,53	Tunisia	Tunislan Dinar	1,1175(20)
enmark iboutl	Dilibouti France	235.0	Mauritania	Calculus Calculus	110.21	Turkey		780.11 1.4340
OMINICE	E Caribbean \$	235.0 3,87	Mauritania Mauritius	M. Rupee	20.75	Tuyalu		2.0885
ominican Repub,	Bambalaan Basa	(O) 1.4340	Mexico		20,75 j(F)573,08			
	•	1 4.30			(10)447.81	Ugande	Jganda Shilling	0,080
ouador,,	Sucre	137.52	Miquejon	reset Fores	11,53 11,58	United States (I O Dallas	4 4745
ypt	Emmilian C	j 1,1800 (14)	Monaco Mongolia Monserrat Morocco Mozambique	i Starik	4.81	Uruguny	r.o. DVIIZI Irugusy Pese	1,4540 184 34
		1 17500 /h	Montserret	E. Carlbbean \$	2 07	Utd.Arab Emirates	LA.E. Dirham	165.34 5,2663
Spivador	Colon	(c) \$.5930 (F) 5.8200	Morocco ,	Dirham	14.02 (ag)	C.S.S.R	double	1.1118
gustorial Guinea, I	Ficuela	576.50	Mosempidne	Matical	(A) 60.31			-
thiodia	Ethonian Rice	2,9800	Namibia S	i.A. Rand	3,7220	Vanuatu	fatu	147.60
hiopia	Faikland Is £	1.0	Namibia	lustalian Dollar	2,0355	A GETTLOGET 100 TO 100		2,551.0
roe islands	Danish Kroner	13.7050	Nepal	epalese Rupee	26,22	Vėnezuela £	Solivar	((4) 6.16 - (5) 10.75
]] Nands	FIJ 8	1,5799	Netherland Antice	Juikret	4,2575 2,58			((6) 25,90
nland		8,1195	New Zealand	ANDHUM GUNDOF	2.4625+	10		
элсе	French Franc	11.58	Niceragus	zordobs	(0)40.18	Vietnam [Virgin Island U.S (Pong	(0) 185,11
ench C'ty in Af (C.F.A. Franc	576,50	Niger Republicant	J.F.A. Franc	576.50	Authur issend n's (rs. Dougl	1.4340
ench C'ty in Af ench Guiana ench Pacific is	LDOM Franc	11.53 200.0	New Zealand () Nicaragus () Niger Republic () Niger Republic () Nigeria () Norway () Oman Sul'ate of () Pakistan () Panama ()	Vaira	1.276075(29)	Western Samos S	amoun Tale	/A) With
		876.50	ADDRESS AND	forwegian Krons	11.3175 0.4970			(A) 304.12
ımbia	Dalesi	5.00	Pakistan	ozi UMANI Iskiston Casa	22,70	Yemen (Nth) F Yemen (8th) 9 Yugoslavia N	lya.l	(A) 10.05
ATTERNO (Face)	A_4	3.70	Denne,	wasten thee	1,4340	Temen (811) \$	Yemen Dinar	0.4915
HILLIAM A COMMUNICATION A	OBTIMBYK.	3.16	POLICE PRODUCT OF					
rmany (West)	Deutsche Merk	3.70 (Papua M. Guinea	endor Una	1.3653	TUGOSIRVIA	iew y Diner	409,1661
ermany (East)	L/801	86,2580	Papus M. Guines N	lina	1.3655	Zaire Republic 7	Petre	
rmany (West) nana	Gibraitar £	3.70 (Papua N. Guinea I	lina	1.3655	Zaire Republic 2 Zambia	Petre	409,1661 76,1821 8,20

Rate is the transfer merket (controlled). ## Now one official rate. (1) Essential goods. (2) Preferential rate for public segrer date and essential imports. (5) Preferential rate for juxury imports, remittances of money abroad a travel. (7) Parallel rate. (8) Rate for remittances of foreign money by Egyptiens working abroad. (8) Banknote rates. (10) Rate for exports. (14) Correction (Oct. 14): New Zealand was 2.4020,

Interest rates remained steady on the London money market yesterday, with dealers seeing little prospect for an early change in the rate structure after last week's Mansion House speech by Mr Nigel Lawson, Chancellor of the Exchequer. Three month interbank finished unchanged at 11½-11½ per cent, and discount houses buying rates for three month bank bills were 11½-11½ per cent campared with 11½-11½ per cent. The Bank of England forecast a money market shortage of 5550m, and provided total help of £5250m.

Before hunch the authorities bought £339m bills outright, by

Before lunch the anthorities bought £399m bills outright, by way of £16m bank bills in band 1

bought £399m bus our band 1
(up to 14 days maturity) at 11
per cent: £162m bank bills in band 2 (15-83 days) at 11-fs per cent: £158m bank bills in band 3 (34-63 days) at 11-fs per cent: £158m bank bills in band 4 (64-91 days) at 11-fs per cent:

And £59m bank bills in band 4 at 11-fs per cent.

And £59m bank bills in band 4 at 11-fs per cent.

And £59m bank bills in band 4 at 11-fs per cent. bills were purchased outright, through £27m bank bills in band 2 at 11% per cent, and £60m bank bills in band 3 at 11% per

NEW YORK RATES Late assistance of £40m was 30

MONEY RATES Two Three Six Months Months Months Frankfurt.

In Frankfuri the Bundeshank offered to provide liquidity for the money market, by a 29-day securities repurchase agreement from tomorrw until November 21, at a fixed rate of 4.55 per cent. The result of the tender will be amounced today, and is expected to roughly replace the DM 12.8bn draining from the FT LONDON INTERBANK FIXING (11,00 a.m. Oct. 81) Three months U.S. dollars offer 8 \$/16 LONDON MONEY RATES

Month | Adjut | Dotice | Moditin | Moditine | Moditine | Vess |
| 114-125| | 125-116| | 115-116| | 125-115| | 115-115| | 115-115| | 115-115| | 103-115| | 115-115| | 103-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-115| | 115-11 Interbank
Sterling COs.
Local Author'lyDepos
Local Author'y Bonds
Discount Mit Depos.
Company Depos.
Finance Hise Depos.
Finance Hise Depos.
Finance Hise (Buy)
Dillar COs.
SDR Linked Depos.
ECU Linked Depos.

Treasury Bills (sell): one-month 11½ per cent three-month 11½ per cent. Bank bills (sell): one-month 11½ per cent. three-month 11½ per cent. Treasury Bills: Average tender rate of discount 11.092 per cent. ECGD Fixed Finance IV: September 4 to October 1 (Inclusive): 11.597 per cent. Local authority and Finance Houses Base Rate 12 per cent from October 1 1985. Bank Deposit Rates for sums at seven days' notice 8.25-8.525 per cent (nst). Cartificates of Tex Deposits (Series 8): Deposits E100.000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11½ per cent; six-sine months 11½ per cent. Local cent nine-12 months 11½ per cent. Under £100.000 10½ per cent from October 2. Deposits held under Series 5 11 per cent. Deposits withdrawn for cesh 7½ per cent.

Financial Times Tuesday October 22 1985

Financial Time: Turned, October 22, 1000

The state of th Financial Times Tuesday October 22 1985 INDUSTRIALS Continued INVESTMENT TRUSTS-Cont. | FINANCE | LAND—Contl. | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 MINES—Continued Diamond and Platinum Cabb. C30 | Ample-Am Inn 50c | 450 | 302 | De Beers Di 5c | 700 | 350 | De 48bc Pi 85 | 1513 | 1519 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 | 1619 132 |-1 | 0590; 16 | 48 304 |-11 | 1040; 47 | 34 350 |-50 | 0200 | 149 578 |-27 | 0135; 19 | 6.1 409 |-6 | 072; 9 | 45 528 |-20 | 090; 14 | 45 Central African 190 | 140 Falcon 250c | 260 | 160 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | 170 | Q16c 4 55 | 23 | 270 | SA Brews 20c | 270 | -8 | C36c | 17 | 55 | 10.7 |
221	130	Torogasi-Huket R1	1.40	10.80c	25	26	15.3						
230	135	Usiser 20cts	1.40	10.80c	25	26	15.3						
230	135	Usiser 20cts	1.40	10.80c	25	26	15.3						
230	135	Usiser 20cts	1.40	1.90	1.28	2.3							
240	155	104	Autions Bros.	1.30	1.30	1.4	3.1						
251	105	104	Autions Bros.	1.30	1.30	1.4	3.1						
252	177	8 Basis El 17 20.	1.90	1.4	4.5	7.7	4.9	1.4					
253	177	152	107	8 Basis El 17	10.9	1.5	1.5	1.7					
254	172	114	Barmater 1.10	1.16	1.5	1.5	1.7						
257	20	20	20	20	20	20	20						
258	132	132	132	132	132	132	133	135	135	135	135	135	135
258	159	10. 7xcDeh 82-67	595	1.5	1.5	1.5	1.5						
258	159	10. 7xcDeh 82-67	595	1.5	1.5	1.5	1.5						
259	132	Does Brest Stact	1.86	1.5	1.2	1.2	1.2						
250	1.1	2.1	2.1	2.1	2.1	2.1	2.1						
250	1.1	2.1	2.1	2.1	2.1	2.1	2.1						
251	252	253	253	253	2.1	2.1	2.1	2.1					
251	252	253	253	253	2.1	2.1	2.1	2.1	2.1				
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"Tao Stock".

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- 525 -25 01056 0 228

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CPI Hidgs 62
CATOR Inds 170
Outline Gas 77
Half (R. & H.) 59
Hasten Hidgs 25
Irds Ropes 105
For Jacob (W. & R.) see Far Wes

578 334 Shroot 25.
537 517 Selfick St.
257 130 Declarak Rtl. 20.
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252 111 Direlansk Rtl. 20.
253 122 Strelans Rtl.
254 494 Most Gold Rtl. 25.
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343 -5 | 0,886 | 1,3 | 13,7 |

177 -5 | 0,815 | 3,2 | 125 |

138 -8 | 0,96 | 16 | 16 |

775 -37 | 220 | 30 | 7,9 |

110 -28 | 7650 | 2,1 | 33 |

110 -7 | 1020 | 18 | 17 |

240 -18 | 0,80 | 14 | 18 |

177 -19 | 0,33 | 18 | 18 |

177 -19 | 0,33 | 18 |

178 -19 | 0,33 | 18 |

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17 LEISURE "Recent Issues" and "Rights" Page 40
(International Edition Page 48)
This service is analyble to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per assum for each security.

Largest-ever takeover bid fails to arouse interest

Account Dealing Dates

Option
*First Declara- Last Account Dealings tions Dealings Day
Sept 30 Oct 10 Oct 11 Oct 21
Oct 14 Oct 24 Oct 25 Nov 4
Oct 28 Nov 7 Nov 8 Nov 18

" New-time" dealings may take
place from 9.30 am two business days
earlier.

The largest takeover bid ever made for a British group failed to enliven a sober trading session in London stock markets yesterday. Leading shares lacked the momentum which last week took the FT Ordinary share index to a series of new peaks, and some drifted easier on profit-taking. Demand for international stocks was stifled by sterling's firmness against the dollar, while the Chancellor's call for more defence spending cuts inhibited interest in a range of other issues.

Hopes that announcement of

Hopes that announcement of the well-signposted Elders IXL offer for Allied-Lyons would touch off widespread bid speculation were soon thwarted. The terms of 255p cash per for each Allied-Lyons share, quickly rejected by the latter's board, aroused little excitement or subsequent market activity. Dealers and investors alike considered the bid to be the opening shot in a possible long battle for control of the UK brewing and food group.

and rood group.

The scene otherwise was one of equity values, with the exception of stocks recommended in the weekend Press, attempting to consolidate recent good gains. Atthough the FT Ordinary share index finally shed 2.9 to 1,048.0, the undertone was adjudged fully steady with sentiment helped by broking house forecasts of lower interest rates before the year end. The chances of an early fall in bank base rates were said to have increased yesterday following the pound's strength.

The currency factor influenced buying of Gilt-edged securities but business overall was not sufficient to test the authorities for stock in the two new issues and food group.

The scene otherwise was one

for stock in the two new issues announced alternours on Friday; no bids were made for supplies of either the £200m tranche of Treasury 9½ per cent 1999 or the £400m issue of Con-1999 or the f400m issue of Conversion 9½ per cent 2005. With few sellers operating, however, short and longer-dated maturities regained opening falls before easing again later to close on a mixed note. The shorts settled with a predominance of small gains while the longs ended a touch off on balance.

Clearers up again Investors continued to support the major clearing banks. Nat-West advanced 15 afresh to 702p, while Lloyds moved up 10 to 452p. Barclays wit on 5 to 422p

d Midland edged forward a few pence 10 2102. Merchant banks met with selective support and featured Leopold Joseph, 18 reer at 230p in a thin market. Mercury Securities put on 20 at 590p and Schröders firmed 1 to 510%. J. Rothschild hardened a couple of pence to 108p in response to Press comment, while Manson Finance revived with a speculative gain of 3 to FT-ACTUARIES SHARE INDICES

EQUITY GROUPS

& SUB-SECTIONS

CAPITAL COGUS (206)

Building Materials (22)

Contracting, Construction (28)

Electronics (39) Mechanical Engineering (61) ... Metals and Metal Forming (7) ...

Newspapers, Pagissing CLE
Packaging and Paper (13)
Stores (42)
Textiles (16)
Tobaccus (3)
OTHER CROUPS (99)

OTHER SROUPS (79)
Chemicals (19)...
Office Equipment (4)
Shipping and Transport (11)...
Miscellaneous (63)
Telephone Networks (2)
INDUSTRIAL GROUP (482).

Other Financial(24)

2 5-15 years -

3 Over 15 years.

Insurance (Composite) (7) Insurance (Brokers) (7) ... Merchant Banks (31)

Investment Trusts (107) Mining Finance (3) Overseas Traders (14) ALL-SHARE INDEX (739)

FY-SE 100 SHARE INDEX

FIXED INTEREST

Mon Oca 21

133.83

140.02

156.01

131.55

Day's change %

Flectricals (13)...

Leisure (23)...

in sober stock market session 64p after the interim figures and

Press speculation that Com-mercial Union was contemplat-ing a £500m separate flotation of its life assurance interests its life assurance interests attracted early business and the shares touched 250p before reacting to close 3 dearer on palance at 256p. Other Com-

reacting to close 3 dearer on calance at 256p. Other Composites also reacted from a firm start and Royals closed 4 off at 713p, after 722p. Lloyds Brokers moved higher m places. Minet gained 4 to 228p as did Sedgwick, to 382p.

Most of the interest in the drinks sector centred upon Allied Lyons, down 5 at 270p, after 266p, following the bid from Elders IXL. Elsewhere, Distillers drifted quietly lower and closed 6 off at 426p, after 424p, following weekend Press speculation that the company is on the verge of making a major U.S. acquisition to help discourage a bid from Argyll Group.

courage a bid from Argyn
Group.
Losses were in the majority
among Building issues. AMEC,
unsettled by the announcement
of the resignation of director
Mr R Barber, fell away on
nervous offerings to close 12
lower at 240p. Henderson Group,
down 13 more at 230p, encountered further selling ahead of down at 2009. Readerson droop, down 13 more at 2309, encountered further selling ahead of the interim figures, due shortly, white profit-taking clipped 4 from John Mannders at 150p, after 145p. Crest Nicholson hardened a penny to 121p on news of the agreed bid from C. H. Pearce, which fell 50 to 575p. Comment on the bid situation left SGB 4 cheaper at 226p, but buyers showed occasional interest in Taylor Woodrow, 10 higher at 510p, and RMC. 4 firmer at 345p.

ICI, awaiting Thursday's third-quarter figures, traded on a subdued note and closed 7 lower at 647p.

Store leaders quiet

Store leaders quiet

Leading Stores held up well with sentiment helped by the latest CBI/FT distributive trades survey which forecasts a recovery in retail sales in October. Elsewhere, mail orders gave a firm showing with Freemans 6 dearer at 3220 and Grattan 4 up at 310p. J. Hepworth added 6 to 216p in reply to Press comment, but Harris Queensway lost 4 to 254p and Lee Cooper relinquished 3 to 130p ahead of their respective interim statements, due today. Adverse comment in front of next Monday's first-half figures initially depressed Goldsmiths which dropped to 153p before buyers appeared to leave the shares only 2 easier on balance at 160p.

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Earnings Yield% (Max.)

Mon Oct 21 1985

FINANCIAL TIMES STOCK INDICES

į	Oct.	Oct. '	Oct. 17	Oct. 16	0et. 15	14	ago Your
Government Secs	1048.0 272.7 4.65 11.38 10.85	1050,9 282,5 4,60 11,26 10,97 24,207 508,88	1045.3 284.8 4.63 11.35 10.88 22,988 638.41	1034.9 295.1 4.68 11.44 10.80 23,232 486.65	1023.9 299.9 4.73 11.56 10.68 23,610 450.74	1028.8 294.6, 4.65 11.56 10.87 24,498 530.22 25,725 265.4	855.5 549.5 4,96 11.83 10.14 17,808 179.97

10 sm 1050.1. 11 am 1048.8. Noon 1048.2. 1 pm 1048.8. 2 pm 1046.4. 3 pm 1047.1. 4 pm 1048.3.

Day's High 1050.7. Day's Low 1048.4. Basis 100 Govt. Secs. 18/10/28. Fixed Int. 1928. Ordinary 1/7/35. Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026. Nil = 10,45.

HIGHS AND LOWS

S.E. ACTIVITY INDICES

ed Int. 90.54 82.17 150.4 50.53 Value 1,028 (21/18) (28/1) (28/1) (28/1) (51/75) 5 dayAverage (21/18) (1050.9 49.4 Gift Edged Bargaina 142. (18/19) (18/19) (25/7) (18/19/5)(25/8/48) Equities 148.	· :	199		Since Co	mpilat'n		Oot. 18	Oct.
vt. Secs. 84.57 78.02 127.4 49.13 Equities Bargains 145.7 (21/15)	——¦	High	Low	High	Low	GIN Edged	' 158 B	130.6
id Mines 535.9 272.7 (734.7) (25/10/71) Value	ed Int dinary	(18/10) 90.54 (21/10) 1050.9 (18/10)	(28/1) 82.17 (28/1) 911.0 (25/7)	(8/1/55) 150.4 (28/11/47) 1050.9 (18/10/65) 734.7	(811/75) 50.53 (811/75) 49.4 (28/8/48) 43.5	Equities Bargains Value S dayAverage Gift Edged Bargains Equities Bargains	145.2 1,028.6 142.3	148.9 1,290.4 140.0

a 1985 peak of 540p following

Newmark attracted renewed support at 250p, up 15.

Reflecting the absence of fresh support, leading Engineers drifted lower. Hawker, 403p, and Vickers, 310p, gave up around 5 apiece, while GKN closed 3 easier at 257p. Secondary issues also traded on a relatively subdued note, but still displayed the occasional bright spot. Stothert and Pitt rallied 9 to 135p after last Friday's shakeout on the annual loss. APV were firm at 260p, up 8, while buying shead of Friday's interim statement left Clayton Son 5 better at 133p. Spencer Clark were noteworthy for a gain of 5 to 56p. News that losses at TI machine tools should be about 30 per cent lower, failed to inspire TI which closed a shade easier at 395p. attracted renewed Newmark

The threat of cutbacks in Government defence spending deterred buying of leading Electricals. GEC drifted down to 162p before closing a couple of pence easier on balance at 164p. Elsewhere, Eurotherm reflected revived takeover talk with a rise of 18 at 295p. Amstrad firmed 10 to 158p, after 160p. Klark-Teknik rose 7 to 105p in anticipation of today's preliminary figures, while Louis

Wed 0± 16

Ther Oct 17

11.76 602.58 600.45 595.67 539.10 8.37 251.76 253.45 259.71 279.24 24.01 571.48 569.74 565.52 584.79 16.99 652.75 659.21 645.86 526.46

9,99 18,68 10,68

10.32 9.97 19.71 19.44

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11.10 11.05

356 357 337 337

Day's Oct Oct Oct Oct Oct Oct Oct 1.6 17 16 15 14 290 1339.8 1340.2 1335.7 1324.2 1320.9 1321.1 1115.4

| Max | Change | Chilary |

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No. Change High

aq aqi aq aqi

Fri Oct 18

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_0.09 |140.15

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1985 1985

11.87

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554

8.68 8.99

board changes. Further unwinding of speculative positions left English China Clays 7 cheaper at 253p, while European Ferries met with profit-taking and eased to 145r before huvers granneaged. to 146p before buyers reappeared and brought a close of 1471p. down 4 on the day. News that the company had exercised its the company had exercised its option on land situated in France adjacent to Geneva airport directed buying attention to I. D. and S. Rivlin, up 5 at 90p. Sale Tiney were noteworthy for a rise of 10 to 237p along with British Vita, 8 to the good at 190p. Low and Bonar improved 5 more to 352p, while Press men-

190p. Low and nonar improved 5 more to 352p, while Press men-tion stimulated occasional interest in Granada, 4 better at interest in Granada, 4 better at 198p and Coin Industries 4 higher at 60p. Alexander Workwear, still benefiting from the recent results, put on 4 more to 201p. Apart from BTR, which encountered scattered offerings and closed 10 lower at 373p, leading miscellaneous industrials rarely strayed from their previrarely strayed from their previ-out closing levels.

leading miscellaneous industrials rarely strayed from their previout closing levels.

Jaguar stood out in Motors, rising 7 to 301p on a weekend Press report that the group is to receive a U.S. big board listing early next year. Elsewhere, Automotive Products refected a newsletter recommendation with a rise of 3 to 50p, while AE hardened a couple of pence to 135p following the sale of a West German subsidiary. Kennings, however, lost 5 to 133p as takeover hopes faded, while Lucas, strongly supported of late amid talk of a 600p per share consortium offer, eased a few pence to 440p, after 48p. Aerospace Engineering, at 48p, lost 3 of last week's good rise which followed the appointment of a new chairman.

Bristel Evening Post were outstanding among Newspapers, jumping 45 to 595p on the announcement that Kent Holdings had increased its stake in the company to nearly 21 per cent. Elsewhere, DRG improved 2 more to 218p following Press comment, but More O'Ferrall dropped 7 to 50p, after 75p, in reaction to the interim profits setback Lowe Howard Spink fell 11 to 322p and Saatchl gave up 10 at 700p.

Features in Properties were few and far between. Regalian added 10 afresh to 320p following details of the Langworthy Estate acoulstion. Markheath,

publicity given to a broker's bullish circular. Asset injection hopes continued to spur Somportex which gained 2 more to 135p. ter which gained 2 more to 133p, while renewed demand in a restricted market left E. and J. Sutherland 5 dearer at 103p. Associated Fisheries found support at 100p, up 4, while gains of 5 and 15 respectively were recorded in Hunter Spahir, 133p, and Meadow Farm Products, and Me and Meadow Farm Products, 375p. Call option activity after Press comment helped Barker and Dobson harden a fraction to

few and far between. Regalian added 10 afresh to 320p following details of the Langworthy Estate acquisition. Markheath, on the other hand, softened 2 to 45p after the interim deficit. Harold Ingram, 25 higher at 120p on revived speculative support, provided an isolated firm spot in Textiles.

Currency considerations

First Last Last For Deal Interest revived in Smiths
Industries which rose 8 to 221p
shead of the preliminary figures,
expected next month, while
Channel Tunnel, due to
announce the interim statement
on Friday, rallied ahead of the preliminary figures, expected next month, while Channel Tunnel, due to announce the interim statement on Friday, railied smartly to close 55 higher at 225p. Enlivened by the recent bid for Walker and Homer, Furniture shares met with speculative demand. Parker Knoll A featured a rise of 14 at 250p.

ings, Goedman Bros, Osceola, Standard Telephones and Cables, C. H. Bailey, Falcon demand. Farker Knoll A featured a rise of 14 at 250p, while Gomme Holding, 4Sp, and Stag, 75p, rose 4 and 2 respectively. High Point Services responded to the annual results with a rise of 10 to 460p, after 470p, but Pavion dipped 10 to 460p. Scheaper at 690p. Successful

FRIDAY'S YESTERDAY'S ACTIVE STOCKS **ACTIVE STOCKS** was noted in sterdey. Closing Dey's price change 240 -12 270 - 5 70 - 1½ 80 + 3 258 + 3 147½ - 4 301 + 7 293 - 2 150 - 4 84 -10 713 - 4 500 + 15 Buto, Ferries ... But. Aerospece Grand Met. ... Bess Glexo Midland Benk ... Thom EMI ... Unilever Alied-Lyons ... NatWest Benk 151½ 456 365 620 £13¾ 415 381 £11½ 275 654 417 687 + 673 3 0 0 0 1 2 0 1 2 5 1 2 22 17 16 15 15 15 15 14 14 13 Ameta-Lyons Armstrong Equipment Automotive Prods. ... Commercial Union ... Europeen Ferries Jaguer

EQUITIES

Golds at 38-mth lows

There was virtually nothing going in favour of the South African mining market which

burg gave up 20 to 520p despite the chairman's comment that profits in the first three months

are running substantially ahead

Unit Trust Service Stocks to attract money for the call included Aspinall Hold-

Resources, Times Veneer, Tran-

Barker and Dobson and Hills-down Holdings. No puts were reported, but a double option

was arranged in Energy Capital.

OPTIONS

rinancial times Saturday

testing of North Sea well 49/52 failed to stimulate interest in Ultramar which gave up 2 to 195p. Second-line oils showed Energy Capital 4 up at 72p, but Caledonian Offshore attracted renewed selling pressure and dropped 20 more to 320p. Australia's Oil Search were a fraction firmer at 46p on talk of an tion firmer at 46p on talk of an imminent drilling report from the Mananda 3 exploration well drilled in Papua New Guinea.

RECENT ISSUES

fell away to the lowest levels for over three years.

The agreement on limited economic sanctions against South Africa reached by Common-wealth Heads of Governments in the Bahamas, the spate of civil unrest in the Republic and another disappointing performance by bullion all served to deter investors. FIXED INTEREST STOCKS

economic sanctions against South	FIXED INTERES.		
Africa reached by Cammon- wealth Heads of Governments in the Bahamas, the spate of civil unrest in the Republic and an- other disappointing performance by bullion all served to deter	price Op San High Low	Stock	3216 + #
investors. Gold shares opened on a steady enough note but sentiment was quickly unsettled by a further deterioration in the Financial deterioration in the record	87, 506, 250 - 3218, 2718 191, 445, 250 1711 2958, 2718 191, 1811 - 17pm 10pm 196, 455, 255, 2711, 2598, 254 100 £10 - 104, 104, 104, 104, 104, 104, 104, 104,	Australia 91-2 Ln. 2012	2834 1034 4444 + le 2756 + le 1014
prices were subsequently marked down sharply and sterling quotations were additionally quotations who latest apprecia	88,466 £30 24/1 32/3 895 \$100 £50 13/11 50 473 100 £50 13/11 50 473 - F.P 100/4 99/1	8 Int. But Gomp. 7.89, Gnv.R.Pf184444 2 - Memory Comp. 7.89, Gnv. Uns.Ln. 2004 5 Nat. Home Loans 85, Gnv. Uns.Ln. 2004 6 Nationwide 11 nr. 8ds. 2019/86	49
tion of the pount against dollar. At the close of trading the leading heavyweight Gold were a fraction above the day."	RIGHTS OFFERS	5	
stretched to a maximum of £ stretched to a maximum of £ o as in Randfontein, £50‡. Vaa Reefs were similarly weak an registered a £1‡ fall at £43;	1 194	95 Stock	Closing price

	908	d th	Latest Renunc.	198	5	Stock	Closing	+ or
P	M150 M150 111 55 48 65 165 100 5 100 225	A B	11 11 22:11 11:11 22:11 6:11 22:11 50:10 12:11 6:12	90pm 1154 11pm 65 125 22pm 218 240 32pm 112pm 112pm 12pm 12pm	104 8pm 57 105 15pm 180 245 28pm 701	nBASF A.G. DM 50 Blacks Leisure 10p Brasway 10p Burns-Anderson 10p Corty Site Estates DRG Emess Lighting Carfunkeis Rest. 10p Howard & Wyndham 5p Howard & Wyndham 5p Humberside Elect. 20p. ML Hidgs ack see Blacks Leisure.	675 pm 10m 110m 61 125 16pm 218 240 52pm 13pm 11 78	41
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Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. a Assumed dividend and yield. u Forecast dividend cover based on previous year's samings. p Pence unless dividend cover based on previous year's asmings. p Pence unless otherwise indicated. I saued by tender. I Offered holders of ordinary otherwise indicated. I saued by tender. I Offered holders of ordinary shares as a "rights." I saued by way of capitalization. S Reintroducted. Alteres of in connection with reorganization marger or takeover. Alteres of fully paid. If introduction. Unlisted Securities Market. S Placing price. If Dealt in under Rule 535 (3). Dealt in under Rule 535 (4) [a].

NEW HIGHS AND LOWS FOR 1985 NEW HIGHS (116)

INSURANCE (2)
Dower Warren Lessure (1)
21st Century Dist.
MGTORS (1) Intl. Thomson PAPER (2)
Addcom Intl. Spurm AFRICANS IZ!
Barlow Rand TRUSTIS A Security
North Sea Assets Ind. Fig. & Int. RESOURCES PLANTATIONS (2)
Anglo-East Plants. Rome Evans by
MINES (31) RISES AND FALLS

NEW LOWS (68)

YESTERDAY

Feb. May

12 20 32

42 52 19

3 6 14

3 25

15

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Foreign of Fernand Responsibility of Participation of Par

UNE

LONDON TRADED OPTIONS CALLS May Nov. Jan. Apr. 34 26 16 10 84 60 40 80 57 27 2 1 72 50 30 10 4 44 10 8 11₀ 56 30 11 35 26 18 10 012 012 013 4 le 1 l4 05a 058 058 56 36 16 75 47 27 62 38 29 37 20 10 012 012 012 1 1 43 63 72 2 36 40 1 11 22 142 92 105 57 67 22 35 1 2 24 38 8 2 44 29 57 20 4 19 Traf'gar Hse 323 (*359) 353 353 360 383 6 92 42 72 36 24 17 15 5 1 18 27 43 72 23 17 8 3 175 125 90 50 .10 52 27 90 62 57 27 27 16 33 21 8 13 25 2,90 140 110 85 67 45 240 260 280 300 67 72 46 53 33 38 17 26 50 50 16 53 58 23 30 14 . 6 20 10 .4 b.70 630 8,40 50 | 58 | 52 30 | 40 | 44 14 | 25 | 51 5 | 14 | 18 mperial Gr.: 150 (208°) 180 200 220 100 110 — 1 8 76 — 96 114 4 52 67 74 5 35 — 67 6 16 18 56 44 17 27 1200 1250 1275 1300 1325 1350

21 32 45

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday Issues. A list of constituents is valiable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

BRITISH GOVERNMENT INDEX-LINKED STOCKS

) FALLS

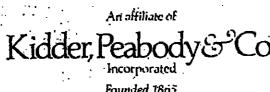
WORLD STOCK MARKETS

-						
**	Oct. 21 Price + or Oct. 21 Price + or Oct. 31 Kroner — Oct. 21 Price + or Oct. 31 Kroner — Oct. 21 Aust. 3 —	AN (continued) Oct. 31 Price + or Yen	CANADA			,
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Ara Bas CODD. Day Bas Bas CODD. Day Bas	Verlan-West S87 -1 Volkswagen 347.9 + 0.4 Volkswagen 347.9 + 0.4 Volkswagen 347.9 + 0.4 Skandika 259 -1 HK Kowloon Wh. 7.35 Toks markeriab 500 +5 Toks markeriab 500 500 +5 Toks markeriab 500	mo Metal 157 + 1 el Corp. 385 -8 ho Marine 598 -2 o Kabe Bank: 728 -2 o Kabe Bank: 748 -5 Nenryo 1,086 +30 o Bank: 1,000 -10 o Marine 945 +6 o Elect Pwr 2,830 -40 o Gas 315 -4 mi Corp. 590 +4 pan Print 879 +4 pan Print 879 +4 pan Print 879 +4 pan Print 879 +4 pan Print 8879	1051 CDC 5912 912 912 913 914 915 400 Can Malt	1000 FChy Fin 107a 107a 107b 17b 17b 17b 17b 17b 17b 17b 17b 17b 1	4877 No. Toti 34514 14 14 - 49 44772 Nor Toti 34514 14 14 - 49 3930 Northgat 400 395 395 136 Nowsco W \$1734 1734 1774 1774 136 Nowsco W \$1734 1774 1774 1774 136 Nowsco W \$1734 1774 1774 1774 1300 Onlewcod \$813 812 12 - 19 1300 Ocelot 8 1 561 812 813 - 19 1300 Ocelot 8 1 562 51 813 813 814 142 1305 Onlewcod \$175 77 77 77 77 77 77 77 77 77 77 77 77 7	3400 TrCan R A 239 235 239 + 6 21899 Trmbta UA 325 284 241 - 18 237214 TrCan PL 5241 224 227 - 18 4102 Triton A 5701 207 207 207 - 18 4102 Triton A 5701 207 207 207 - 18 40 Trizec A 1 5251 251 251 40 Trizec A 1 5251 251 251 40 Trizec A 1 5251 251 251 2380 Ustor P 152 148 - 2 1844 U Enterios 512 12 12 1027 U Canso 75 75 75 22 Un Corp 5331 331 331 331 55 1007 U Canso 75 75 75 22 Un Corp 5331 331 331 331 55 1007 U Canso 75 75 75 23 Un Corp 5331 331 331 55 1007 U Canso 75 75 75 24 Un Corp 5331 331 331 55 1007 U Canso 75 75 75 25 Un Corp 5331 331 331 55 1007 U Canso 75 75 75 26 Un Corp 5331 331 331 55 1007 U Canso 75 75 75 27 Un Corp 5331 331 331 55 1007 U Settler B 150 400 400 45 1500 Versil B 150 400 400 45 1500 Western 5169 169 169 19 1000 Whithurne 5169 169 169 19 1000 Western 5169 169 169 179 1100 Western 5169 169 169 169 179 1100 Western 5169 169 169 179 1100 Western 5169 179 1100 Western
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Bos Crack Co.	Oct. 21 Price + or Oct. 21 Price - or Oct. 21 Oct. 22 Price - or Oct. 21 Oct. 22 Price Oct. 23 Oct. 24 Oct. 25 Oct. 2	ing 6,00 +0.15 Par. Broz. 2,22 Lacong Fin. 2,55 Lacong Fin. 2,59 Lacong Fin. 2,59 Lacong Fin. 2,52 Lacong Fin. 2,53 Lacong Fi	Imbastrist	18/10 (A/1) (B/18/8) (2/1/32) (B/18/8) (2/1/32) (B/18/8) (B/18/8) (B/18/8) (B/18/2) (B/1	DENMARK Copanhagen Serä/1;85) 234.05 285.35 FRANCE GAG Generah/51/12/80 211.4 211.60 Ind Tendance(28/12/94) 118.7 119.00 GERMANY FAZ Aktion (51/12/68) 588.18 588.55 Commerzbank (1/12/65) 1673.9 1675.5 HONG KONG Hang Seng Bank/81/7/84) 1688.66 1839.89 STALY Sanca Comm Ital. (1972) 397.75 582.00 JAPAN** Nikkel-Dow (18/5:48) 18025.2 12975.22 Tokyo SE New 141//68) 1832.23 1058.77 NETHERLANDS ANP-CBS General (1970) 216.9 216.4 ANP-CBS Indust (1979) 192.2 191.5 NORWAY Oslo SE 14'1/85) 572.05 573.98 SINGAPORE	17 16 High Low 1054.0 1053.9 1040.8 (21·10) 715.3 (7·1) 527.5 555.2 548.8 (20·5) 562.5 (7·1) 88,68 709.39 105.73 (17.8) 56.21 (24·1) 2674.49 2682.01 2888.25·21·10; 2690.7 (18·1) 252.71 281.77 234.05·21·10; 158.44 (8·1) 211.2 211.5 235.1 (31.5) 160.5 (3·1) 110.1 110.7 180.4 (31.5) 160.5 (3·1) 1654.0 659.28 568.35 (6·10) 582.39 (3·1) 1654.0 1634.8 1675.9(21.10) 1111.8 (3·1) 1624.79 1618.37 1711.51 (19·8) 1220.74 (2·1) 374.45 596.95 415.33 (8·10) 228.56 (2·1) 1834.59 1057.48 1057.55 (10·7) 918.93 (4·1) 1814.19 1057.68 1057.55 (10·7) 918.93 (4·1) 1812.2 18.6 5 194.1 (5·8) 147.9 (3·1) 1812.3 186.5 194.1 (5·8) 147.9 (3·1) 1855.59 376.74 376.48 (8·10) 288.18 (2·7) 1858.5 761.38 852.65 (7·5) 717.96 (15·7) 1861.4 1055.7 1140.8 (15·4) 289.3 (5·8) 1861.4 1055.7 1140.8 (15·4) 289.3 (5·8) 1861.4 1055.7 1140.8 (15·4) 289.3 (5·8) 1861.4 1055.7 1140.8 (15·4) 289.3 (5·8) 1861.5 184.1 1858.8 (16·7) 787.1 (7·5)
<u>-</u>	VER-THE-COUNTER Nasday national market, 2.30pm prices	Salas Sida Lau Lus Salas	Stocks 3.00p.m. Change Trankel Price on Bay Auss Prod2881,889 2574 — Ve Beating Ca2819,508 4574 — Ve	Stocks 3.00p.m. Change Trades Price on Day Text 01 6	SWITZERLAND	1575.50 1568.98 1486.98 (11/2) 1285.32 (5/7) 494.5 481.4 484.5 (17/10) 886.7 (5.1)
. Re Cel	(Hads) (Hads) (Hads) (Hads)	Sales High Low Last Case (Hads) 110 7119 1032 1119 + 78 80 518 478 478 478 -3-16	Mecy	8 00 Giaio	WORLD 228.4	228,5 227,6 228.4 (18.16), 184.8 (4.1)
Ovi Owi Oxi Pac Pac Pac Pac Pac	123 124 125	1 134 274, 255, 255, 3, 25, 3, 25, 3, 25, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3,		7 18 High Low	** Saturday October 19: Japan Nii Base value of all indices are 100 ex 254.3, and Australia. All Ordinary and Standard and Poors—10: and Toronto Indices based 1975 and Montreel Portic Industrials plus 40 Utilities. 40 Fins u Unavailable.	cept JSE Gold—285.7. JSE Industriel— Metals—500. NYSE All Common—50; Composite and Metals—1,000, Toranto No 471/83. • Esculping bonds. • 400
Pet Pau Bos	NY - 100 1761 1761 1751 Am. ' AMED 126 400 12 //4 //4 19	123 52 54 54 - 4 V	LONDON	North Ame	rican quarter	ly results
Property Pro	## 10	513 49 4 5 5 10 6 5 17 17 17 17 17 18 16 6 5 18 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Chief price changes (In pence unless otherwise Indicated) RISES Amstrad 158 +10 Bristol Post 595 +45 Channel Tunn 225 +55 Burotherm 286 +18 Hepworth 460 +10 Ingram (H) 120 +25 Jaguar 301 + 7 Klark-Tek 105 + 7 Lloyds 452 +10 Manson Fin 30 + 3 Matthews (B) 540 +25 NatWest 702 +15 Parker Knoll 250 +14 Regalian Prop 320 +10 Smiths Inds 221 + 8 Stothert & P 135 + 9 Tate & Lyle 500 +15 FALLS AMEC 240 -12 Allied-Lyons 270 - 5 BTR 393 -10 Brt Arrow 124 - 7 Distillers 280 - 8 Eng China Clays 253 - 7 Henderson 230 -13 ICI 647 - 7 Kenning Motor 133 - 5 M OFarrall 80 - 7 Pavion It 64 - 10 Pearce (CH) 675 - 50	Continued from Page 31 W. W. GRADHGER Electric motors Third quarter 1985 1984 S. Revenue 266.6m 276.2m Net profits 18.7m 18.1m Net per share 842.7m 762.2m Net per share 842.7m 762.2m Net per share 842.7m 762.2m Net per share 1.80 1.74 HERICIAES Chemicals, plantics Taird quarter 1985 1984 Revenue 872.1m Net per share 0.50 1.00 Mane months 872.1m Net per share 1.55.0m N	Third quarter	Colin Chemicals, paper 1985 1984 \$ \$ \$ \$ \$ \$ \$ \$ \$
)	GRONINGEN/THE HAGUE/HAARLEM/HEEMSTEDE/ LEIDEN/LEIDERDORP/LEIDSCHENDAM/OEGSTGEEST/ RUSWIYK/ROTTERDAM/UTRECHT/WASSENAAR Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in any of the above locations. For details contact: Karin Jewula, Tel: 020 239430. Telex: 16527.	THE HERLANDS	INTERNATIONAL PROPERTY REVIEW THE FT EVERY PRIDAY	Het per share	NORWEST plustibunk folding company Third quarter 1985 1984 Revenue	Mine menths

Prices at 3pm, October 21

Kidder, Peabody International

RICA 9



New York . London . Paris . Geneva . Zurich . Hong Kong . Tokyo

	NYSE COMPOS	-	AMEX COMPOSITE PRICES Prices at 3pm, Oc
	376 222 PHH	28 217 8 Revin pil 21 231 232 232 233 234 + 14	AGGIPT 23 114 1119 - 1 AGGIPT 23 114 1119 - 1 DING MB 5 12 12 12 119 119 - 1 DING MB 5 12 12 12 12 119 119 - 1 DING MB 5 12 12 12 12 12 12 12 12 12 12 12 12 12
Cillas 317 102 104 104 105 104 105 105 105 105 105 105 105 105 105 105	1612 1012 Ponder 40 3 32 427 143 144 144 144 147	287, 287, Solic pidage 1.2 987, 381, 381, 381, 381, 381, 381, 381, 381	and et entre

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

A STATE OF THE BUTTON SECTION SHOWS THE PARTY OF THE PART

Bid places focus on retailers

THE PLANNED leveraged buyout of R. H. Macy, the leading department store group, again stirred takeover speculation on Wall Street and turned the spotlight on to the retail trading sector, writes Terry Byland in New York. Blue chip industrials were little

However, trading generally remained brisk, but the trend was again somewhat

At 3pm the Dow Jones industrial average was down 3.14 at 1,365.70.

The plan by Macy's chairman and senior management to offer a large premium on the market price for the equity of the store sounded a signal throughout the department store sector.

If the deal goes through, Macy stockholders stand to receive \$70 a share cash, against a pre-bid market price of \$47. After a lengthy delay Macy stock opened on the New York Stock Exchange \$17 higher at \$64%, in heavy turnover. The new market valuation indicated that the arbitrageurs do not, at this stage, expect any rival offer but will

End Month Figures

KEY MARKET MONITORS

1983

Year ago

144.80

167,96

855.5

526.66

570,44

10.54

439.7

56.70

1,368.84 1,225.93

660.58

154.44

187.04

1,050.9

1,340.3 1,341.2 1,111.3

652.75

282.5

13,020.39 12,973.22 10.845.2

1,040.8 1,035.2

2.698.25 2.686.34

1.032.20 1.030.77 840.92

524.9

98.7

1,830.1* 1,836.14 2,031.00

26467* 264689 239590

233.35

119.0

568.18 568.33 376.27

1.675.9 1.672.4 1.098.3

1,566.06 1,639.89 1,031.80

397.73 382.00 212.23

216.4

191.3

777.65 768.14 885.12

1,106.0

123.94

1,400,68 1,393,06 1,450,64

492.9

228.3

429.80p

£1.656.00 £1.670.50

£971.50

\$27.75

Oct 21 \$325.75

\$325.60

\$326.95

\$326.75

\$329.40

103.76

378.2

Year age

184.0

431.75p

£975.50

\$27.75

Prev \$326.25

\$326.00

\$327.66

\$326,50

124.61

4925

Oct 18

228.4

COMMODITIES

GOLD (per ounce)

373.98 261.79

128.85 118.65

165.59

95.9

713.74

10.10

1984

(London)

FFr

SwFr

Standard & Poors 500

1982

STOCK MARKET INDICES

1.365.70

660.46

552.54

652.13

712.17

10.11

526.9

211.4 118.7

NEW YORK

DJ Industrials

DJ Transport

S&P.Composite

FT-A Alf-share

FT Gold mines

FT-A Long gilt

Nikkel-Dow

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGIUM

CANADA

Сопров

Montrea Portfolio

DENMARK

FRANCE

Ind. Tendance

WEST GERMANY

Commerzbank

HONG KONG

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Capital int?

Silver (spot fixing)

Oil (spot Arabian Light)

Copper (cash)

Coffee (Nov)

Swiss Bank Ind

SWEDEN

JAP

WORLD

(London)

London

Paris (fixing)

Luxembourg

New York (Dec)

Zürich

SPAIN

ITALY

Metals & Mins

Credit Aktier

Belgian SE

Toronto Metals & Minis

FT-A 500

DJ Utilities

LONDON

TOKYO

FT Ord

wait to see the formal bid from the management group.

Speculators quickly moved their attention to other retail stores to spot the next prospect for an insider buyout or

May Department Stores, \$2% higher at \$58%, and Federated Department Stores, \$2 higher at \$66, were the first to attract buyers.

But Carter Hawley Hale, which a year ago lought off a bid from The Limited, the Chicago store, jumped \$1% to \$29%. Allied Stores, at \$60%, gained \$3%. also in brisk trading.

F. W. Woolworth, attractive because of its properties, rose by \$2% to \$52%, although turnover was not heavy. But some of the well-known names

failed to ignite. Sears, virtually bid-proof From today, the Market Monitors panel will include the Merrill Lynch Treasury Index as a measure of the performance

of the U.S. government bond market. Using December 31 1983 as a base value of 100, the index computes total return to investors, including changes in price, interest accruals and coupons paid, with interest reinvested in the entire market.

The yield shown is the par value weighted average of all the securities in

by virtue of its size and strength, dipped \$\% to \$33\% after disclosing lower profits.

J. C. Penney rose sharply at first but was later off the top at \$49, a net gain of

In contrast, manufacturing stocks showed few features. IBM was un-

CURRENCIES

2.6365

2175.1

8.045

2.1685

1.778.5

INTEREST RATES

U,S BONDS

Price

100°%; 101°%;

129.69

128.35

125.45

134.28

Oct 21

Yield

8.82

10.02

10.18

+0.11

+0.09

+0.09

+0.01

+0.16

Yield

10.20

8.43

10.97

100 10.62

FINANCIAL FUTURES

Latest

U.S. Treasury Bonds (CBT)

U.S. Treasury Bills (IMM)

Certificates of Deposit (IMM)

High

76-22 76-24 76-18 76-22

92.91 92.92 92.88 92.92

92.08 92.13 92.08 92.12

91,78 91,80 91,76 91,83

113-31 114-08 113-30 114-03

Oct 21

Price

100%

82%

84.00

2.975

U.S. DOLLAR

Oct 21

215.7

8.04

2.165

2.976

1,779.0

nonth offered rate)

DM FFr

(offered rate) 3-month U.S.\$ 6-month U.S.\$

U.S. Fod Funds

1992

1995

10%

10%

1–30

1-10

10% June 1990

3% July 1990 8% May 2000

10% Mar 1993

10% May 1993

10% May 2013

11.80 Feb 2013

12% Dec 2012

Source: Salomon Bros

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

20-year Notional Gift

£50,000 32nds of 100%

Abbot Lab

CHICAGO

Dec

LONDON

Federated Dept Stores

1400

1350

1300

1000

STERLING

1,4275

3.765 307.0

11.485

3.095

4.2475

2,539.0

4% 4% 10

8% 8% 7'% 7.92 7.41

Prev

100% 8,85 101% 10.119

101 13 10.2**6**5

Day's

0.00

0.00

+0.01

10.44 100% 10.532

9.63

9.32

8.76

9.61

Prev

100%

82%

Price Yield

100 10.62

1031/4 11.90

100 12.25

10.20

10.90

10.72

Price Yield

76.15

Oct 21 Previous

1.434

3.78

309.25

11.53

3.105

4.2675

2,551.0

8%s 8%s 8%°

changed at \$127%, amid lifeless trading in technology issues. Burroughs steadied by \$\% to \$55\%, Honeywell at \$60\% was \$% off and Digital Equipment shed

Semiconductor issues edged ahead after a dull start - Motorola adding \$% to \$32% and National Semiconductor \$% to

United Technologies, which is closing down its Mostek semiconductor unit, eased a further \$\%\$ to \$40. General Dynamics ran into renewed selling, which left the stock \$1% down at \$65%.

But other defence issues held steady, behind McDonnell Douglas, which added \$¼ to \$70, and Boeing, up \$¼ at

The onset of the results season among the oil companies saw Ashland down \$4 at \$35 and Occidental Petroleum up \$% at \$33%, both after disclosing trading statements. Amoco, formerly Standard Indiana, eased \$4 to \$674, also on re-

But the most active feature was Standard Oil of Ohio which jumped \$3% to \$50% as British Petroleum sought a \$6.5bn credit, sparking speculation that it might buy out the outstanding 45 per cent of Standard Ohio's equity.

Domestic airlines edged ahead, led by United, \$14 up at \$49 and American, \$14 up at \$40% in response to the trading re-Bid speculation in Pan American died

down, leaving the stock \$14 off at \$8%. Among other recent takeover issues, Beatrice Foods at \$45% eased by \$% in brisk trading as the board rejected the \$40 a share offer by Kohlberg Kravis, with the market sensing a higher bid

might be accepted.

Revlon shaded uneasily by \$\% to \$55\%, after Pantry Pride lifted its offer to \$58 a share, only a shade above the offer from Forstman Little.

The credit sector made little move from its recent lethargy despite a rise in federal funds to above the 8 per cent

Short-term rates edged higher, while in the bond market, rates were a shade down in light trading.

TOKYO

Cautious mood limits rise

CONCERN over recent price rises kept investors on the sidelines in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji

Institutional and individual investors were also worried about the outcome of talks between Japan's Prime Minister Yasuhiro Nakasone and U.S. President Ronald Reagan within the next week on the bilateral trade imbalance.

Nikkei-Dow market average added 7.52 to 13,023.21 on volume of 202.3m shares, down sharply from last Friday's 371.5m. Losses outnumbered gains by 389 to 363 with 159 issues unchanged.

Later this week corporations such as Hitachi will begin publishing mid-term results for the year ending next March. Investors are particularly interested in the fortunes of semiconductor makers. Among favoured incentive-based is-

sues, Kirin Brewery gained Y10 to Y790 on hopes of higher recurring profits for the year ending next January due to strong demand for beer. The stock was one of the most active with 5m shares traded. Sapporo Breweries firmed in sympathy, by Y20 to Y655. Some property issues also attracted

buyers. Mitsubishi Estate climbed Y40 to Y1,130 and Mitsui Real Estate Development Y30 to Y1,080. However, Nippon Express eased Y1 to Y665.

Large capital issues eased on a broad front. Mitsubishi Heavy Industries rose Y2 to Y444, but Kawasaki Steel fell Y3 to Y154, Tokyo Gas Y4 to Y315 and Tokyo Electric Power Y40 to Y2,530. Many blue chips which were in the

spotlight early last week slipped on profit-taking. Sony lost Y20 to Y3,770, TDK Y50 to Y4,030 and Canon Y10 to Y1,200. Fujiya, which rose on rumours of its stock being cornered, lost Y250 to Y1,750, and Godo Shusei, which had been favoured for similar reasons, also fell Y73

The bond market fell back after last Saturday's sharp rise when bond futures trading began on the Tokyo Stock Ex-

Heavy selling by large securities firms drove the yield on the benchmark 6.8 per cent government bond, due in December 1994, up to 5.435 per cent from last Saturday's 5.420 per cent. However, yields on many other issues with similar periods remaining to maturity dipped.

Trading on the bond futures market halved to an estimated Y3,500bn from the opening day's Y7,067bn.

SOUTH AFRICA

THE STEADY bullion price helped golds close firmer in Johannesburg, with other minings and mining financials following the trend.

Driefontein closed 25 cents up at R52.25, Buffelsfontein firmed R1 to R78 and Gold Fields SA was steady at R35. Diamond share De Beers was 25 cents up at R13.90, Rustenburg Platinum

added 60 cents to R24.35 and Anglo

American Corp firmed 70 cents to R35. industrials were generally mixed. AE & CI was steady at R8.20 as was C.G. Smith at R23.50. Gainers included OK Bazaars, up 40 cents to R12, Tongaat Huletts, 5 cents up at R6.20, and Protea Holdings, which added 5 cents to R2.30.

EUROPE

Profit taken around high point

INSTITUTIONAL investors were mainly responsible for a marked change in tone during the afternoon session in Frankfurt yesterday as they changed tack and took profits accumulated dur-

ing the morning.

The Commerzbank index, which is calculated at noon, did not take account of the switch in mood and closed at another record with a 38.9 advance to

Although a broad range of issues closed higher, their rises were well below their peaks for the day.

Steel stocks were an exception and continued to improve on expectations of strong profit advances. Krupp led the



sector with a DM 7 rise to DM 148 while Mannesmann added DM 4.50 to DM 254 and Thyssen DM 1.10 to DM 189.

Banks were mixed as Commerzbank firmed DM 2 to DM 259.50, Dresdner DM 1 to DM 340.50 and Deutsche, which has been at the fore of the recent strong improvement in the banking sector, slipped DM 1.50 to DM 679.

Retailers were at the centre of the profit-taking and closed generally lower. Karstadt was down DM 5.50 to DM 288.50 and Horten DM 1 off at DM 211. Bond prices edged higher. The Bun-desbank sold DM 17.6m worth of domestic paper after selling DM 67.8m worth on Friday

News that Prime Minister Bettino Craxi had been given the task of forming a new government injected renewed confidence into Milan and led leading stocks higher after last Friday's sharp decline.

Price increases were estimated at around 4 per cent, erasing most of the previous decline, with industrial and insurance groups the subject of most buying support.

Fiat rose L182 to L4,450, Montedison L130 to L2,250, Pirelli L151 to L3,001 and Snia L99 to L3,700.

ringilum Times Saunuay Centres 19 1900

Last week's rally in Brussels maintained its momentum with broad gains among financial, holding and utility stocks.

Traders noted mild weakness among selected industrial and retail issues as profit-takers took some of the gains recorded last week.

Among leading improvers, Générale de Banque added BFr 240 to BFr 4.490 and Société Générale de Belgique BFr

40 to BFr 2,090 on heavy volume. Utilities were led higher by Ebes which ended BFr 80 higher at BFr 3,750. Amsterdam was quiet with market leaders generally steady while interna-

tionals edged lower in thin turnover.
Investors displayed caution in Zurich although prices held their ground during slow business.

Movements in banks and transport issues, which have been in keen demand in recent weeks, were contained be-tween narrow bounds as consolidation

developed. Paris investors held back before Wednesday's settlement, leaving prices to drift. Encouraging local economic indi-

cations were largely ignored.

Madrid continued to advance in active trading while Stockholm benefited from expectations of a drift lower in domestic interest rates and closed with marginal price improvements.

LONDON

HOPES of widespread bid speculation in the wake of the Elders IXL offer for Allied-Lyons failed to materialise in London as profit-taking, a firmer pound and warnings of defence spending cuts took some of the momentum out of trading. Sentiment was helped, however, by

forecasts of lower interest rates by the end of the year, and the FT Ordinary index closed 2.9 down at 1,048.0. Allied-Lyons was one of the most ac-

tively traded stocks. It closed 5p down at 270p.
Short and longer-dated gilt-edged securities closed mixed.

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CANADA

THE MIXED trend in the absence of fresh factors continued in Toronto where trading was moderately active. Transcanada Pipelines traded C\$1% lower at C\$23% after lower third-quarter earnings and a forecast of flat full-year

results. Among actively traded shares were British Columbia Forest, up C\$\% at C\$9.00, Hiram Walker, which added C\$% to C\$31%, and Canadian Pacific, C\$4 firmer at C\$16%.

Gulf Canada traded C\$% lower at

In Montreal, industrials and banks were firmer while utilities were generally lower.

AUSTRALIA

Industrials lead climb to record

SELECTED industrials led Sydney to close at a record despite an uncertain start and a lack of fresh factors.

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The All Ordinaries index closed 5.9 up at an all-time high of 1,040.9 in this trading. Turnover was 26.9m shares with gains outpacing losses by 201 to 131.

Dealers said higher gold and copper prices helped mining and resources stocks during the session, but the rise to a record was largely the result of gains among a few stocks in each sector.

Among the most active shares BHP added 8 cents to A\$8.86, Bell Group was 15 cents up to A\$10.25, CSR firmed 6 cents to A\$3.76 and CRA was 4 cents better at A\$5.88.

Elsewhere, News Corp added 40 cents to A\$9.00, ANZ Group was 10 cents up at A\$5.20 and Poseidon, along with other gold stocks, firmed 10 cents to A\$3.60.

Oil Search continued to rise - by 6: cents to 95 cents - in active trading as testing began on its Papua New Guinea

SINGAPORE

HOPES that the new budget to be presented on Friday would contain fresh business incentives belped lift Singapore where the Streits Times industrial index rose 9.31 to 777.45.

Dealers said profit-taking was well absorbed by short-covering and meculative buying with interest mainty in in-

dustrial blue chips.

Among actives K. L. Industries was 7 cents up at S\$2.05, Data Consolidated added 8 cents to S\$1.80 and Hume Industries was 16 cents higher at S\$3.60.

Elsewhere, Cold Storage firmed 6 cents to S\$3.20, Singapore Press added 10 cents to S\$6.50, OCBC was 15 cents up at S\$8.45, OUB rose 8 cents to S\$2.79 and Keppel Shipyard was up 1 cent to S\$1.29.

HONG KONG

INSTITUTIONS, particularly from abroad, boosted sentiment in Hong. Kong where prices closed higher in active trading.

Much of the rise was led by banks and utilities - which have lagged behind the market recently - on renewed interest by institutional investors.

Chins Light and Power - up 80 cents to HK\$17.30 - helped strengthen utilities on reports that the company plans a bo-

nus issue. ... Elsewhere, Hutchison Whampoa was 10 cents up at HK\$26.60, Jardine Matheson was steady at HK\$13 and Swire

Pacific added 80 cents to HK\$27.60.



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